

Insights

"EAT OUT TO HELP OUT" - HOW THE GOVERNMENT IS GETTING HUNGRY DINERS BACK TO UK RESTAURANTS

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SUMMARY

The Chancellor has announced bold measures to help the UK hospitality sector, through an unprecedented reduction of VAT from 20% to 5% and a unique scheme to encourage customers to return to restaurants. The Government is demonstrating its commitment to the hospitality and tourism sectors by striving to ensure sufficient demand for hospitality businesses as they start to re-open. These welcome measures intend to stimulate consumer spending and could potentially save millions of jobs. We explore the ways in which the Government is helping the hospitality sector in further detail below:

Eat Out to Help Out

The Government has announced the 'Eat Out to Help Out' scheme to encourage people to return to restaurants and cafes following more than three months of closure. The scheme will entitle every diner to a 50% discount of up to £10 per head on their meal, at any participating restaurant, café, pub or other eligible food service establishment.

The discount can be used unlimited times and will be valid Monday to Wednesday on any eat-in meal (including non-alcoholic drinks) during August 2020 across the UK. Businesses serving food will need to register online to benefit from the scheme. The 50% discount (subject to the £10 cap) will be applied to customers' bills and the business can claim the money back from the Government each week with payment being made within five working days. The discount is not expected to be applicable to meals for take away or delivery. This is a unique scheme which is a much needed boost for the restaurant and pub sector - it is expected to provide half a billion pounds worth of subsidy.

Unprecedented cut in VAT across the Hospitality Industry

The Chancellor has also announced a VAT cut from 20% to 5% across the hospitality industry (covering the sale of food and non-alcoholic drinks from restaurants, pubs and hotels, tourists

attractions and cinemas). The VAT rate cut will come into effect on 15 July 2020 and will last until 12 January 2021. This is a welcome move from the Chancellor as the Government looks to support the struggling hospitality industry. Please read our insight on the announcement of the Chancellor's tax measures [here](#).

The Government believes that the reduction in VAT will save UK households around £160 per year on average and, together with the 'Eat Out to Help Out' scheme, will support over 2.4 million employees at over 150,000 businesses, helping them recover and reopen after the Covid-19 lockdown.

Pavement Licences and Alcohol Licences

These boosts to the hospitality sector come off the back of the recent Business and Planning Bill, which introduced new 'pavement licences', allowing operators to put removable furniture on part of the highway adjacent to their premises for use, among other things, in connection with the sale, serving, or consumption of food and drink. There is now a fast track procedure for pubs, bars, restaurants and others selling food or drink for consumption to obtain a "pavement licence" from the local authority so that they can maximise capacity outside whilst maintaining social distancing guidelines. Provisions in the Bill also temporarily vary the Licensing Act 2003 so that those holding an on-premises premises licence on the day before the Bill takes effect, are automatically and immediately permitted to sell alcohol for consumption off-premises, either for take away/delivery or to drink outside the premises. Full details of the Business and Planning Bill can be found [here](#).

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MEET THE TEAM



Laura Wild

London

laura.wild@bclplaw.com

+44 (0) 20 3400 2357

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