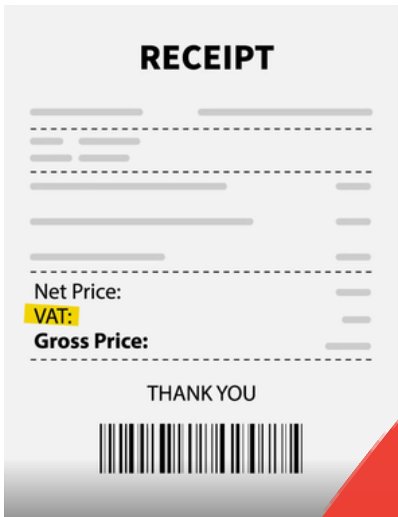
Section 1
Understanding VAT

Complete the sentences using the words in the box below:

> product, Value Added Tax, Government, net price, Revenue, gross price, percentage

1. VAT stands for Value Added Tax .
2. The net price is the price before VAT is added.
3. The gross price is the total price we pay, including VAT.
4. VAT is collected by businesses and paid to Revenue in Ireland.
5. VAT is always calculated as a percentage of the price of a good or service.
6. The money collected through VAT helps to fund services provided by the Government .
7. VAT is charged when a product or service is sold.

SCAN ME



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Section 2
Worked Examples

Worked Example: Gym Membership

Jamie decides to join a gym. His annual membership costs €550. The VAT rate for this service is 9%.
Calculate the VAT from this gross price:

Net Price = 100%

VAT = 9%

Total Price = 109%

(€550 ÷ 109) x 100 = €504.59

€550 - €504.59 = €45.41

Net Price = €504.59

VAT = €45.41

Worked Example: Printing Flyers

You would like to get some flyers printed.
If the net price is €52.85 and the VAT rate is 23%.
How much in total (gross price) do you have to pay for your flyers?

Two-step method:

€52.85 x 0.23 = €12.15 (VAT amount)

€52.85 + €12.15 = €65.00

One-step method:

Net price x (1 + (VAT rate ÷ 100)) €52.85 x 1.23 = €65. 00

Section 3
Adding VAT

Two methods:

1. Multiply the net price by the VAT rate (e.g., net × 23%) and add the VAT.
2. Multiply the net price by 1 + VAT rate (e.g., 1.23 for 23%).

1. A set of headphones costs €48 before VAT. The VAT rate is 23%.
   Calculate the following:
   a) VAT amount
   b) Gross price

a) VAT = Price × VAT rate

VAT = €48 × 23%

VAT = €48 × 0.23 = €11.04

b) Gross Price = Price before VAT + VAT

Gross Price = €48 + €11.04 = €59.04

Section 3
Adding VAT

Two methods:

1. Multiply the net price by the VAT rate (e.g., net × 23%) and add the VAT.
2. Multiply the net price by 1 + VAT rate (e.g., 1.23 for 23%).

2. A haircut costs €32 before VAT. The VAT rate is 9% (as of July 2026). Calculate the following:
   a) VAT amount
   b) Gross price

a) VAT = Price × VAT rate

VAT = €32 × 9%

VAT = €32 × 0.09 = €2.88

b) Gross Price = Price before VAT + VAT

Gross Price = €32 + €2.88 = €34.88

Section 4
Gross price and calculating VAT

Gross price = (100% + VAT%) of the net price.
So:
Net price = Gross ÷ (1 + VAT rate).

VAT Paid=Gross Price–Net Price

1. A tablet costs €369 including VAT at 23%.
   Calculate the following:
   a) Net price
   b) VAT paid

a) Net Price= 369 ÷ (1 + 0.23) = €300.00

b) VAT Paid=Gross Price — Net Price

VAT Paid = €369 - €300 = €69.00

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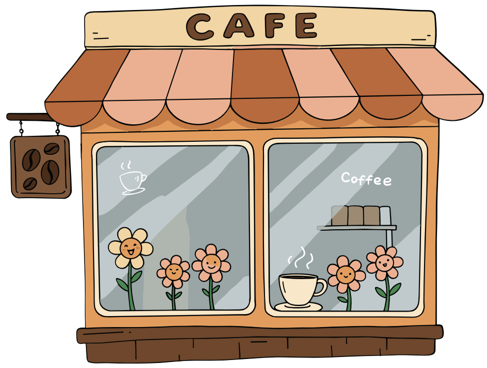
Section 4
Gross price and calculating VAT

Gross price = (100% + VAT%) of the net price.
So:
Net price = Gross ÷ (1 + VAT rate).

VAT Paid=Gross Price−Net Price

2. A meal in a café costs €14.50 including VAT at 9% (as of July 2026).
   Calculate the following:
   a) Net price
   b) VAT paid



a) Net Price= 14.50 ÷ (1 + 0.09) = €13.30

b) VAT Paid=Gross Price — Net Price

VAT Paid = €14.50 - €13.30 = €1.20

Section 5
Extension Activity

Go to the following CCPC webpage:
https://www.ccpc.ie/consumers/shopping/pricing/

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A shop advertises a watch with a price tag of €120.

a) Based on the CCPC information you found does this price include VAT or before VAT is added?

include

A shop sells a games console for €430.50. This includes a charge of €80.50 for V AT.

a) What is the price of the games console before VAT was added?
b) At what percentage rate was VAT charged?

Rate of VAT = VAT paid ÷ price before VAT was added

Cost before VAT is added = final cost - VAT
= €430.50 - €80.50
= €350

Rate of VAT = (VAT paid ÷ price before VAT was added) x $\frac{100}{1}$

= (80.50 ÷ 350) x $\frac{100}{1}$

= 23%

Section 6
Discussion Questions

Why do you think there are different VAT rates for different goods and services?

Lower VAT rates (or exemptions) are often applied to necessities like food, education, and healthcare so they remain affordable. Reduced rates can help industries such as tourism, hospitality, or cultural services stay competitive and accessible, which benefits the economy and employment. Standard or higher VAT rates may be used on non-essential or luxury items. This can reduce excessive consumption and increase tax revenue from goods and services people choose rather than need. VAT is a major source of funding for public services. Different rates allow the government to balance revenue collection with social goals e.g., public transport, health, and education.

Do you think VAT is important for funding public services?

Yes, VAT is very important for funding public services. When people buy goods and services, the VAT they pay goes to the government. The government then uses this to pay for things like schools, hospitals, roads, and public transport. Without VAT, the government would have less money to provide these services, so it plays a big role in keeping the country running.

Do you think that different VAT rates can influence your decisions to buy something or not?

If the VAT rate is high, the final price will be higher. This can make people think twice about buying expensive or non-essential items, especially if they are trying to stick to a budget. On the other hand, if the VAT rate is low, the product will cost less, which might encourage people to buy it.