



6th September 2011

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**CONDITION 7 NOTIFICATION:
VAT on Postal Services**

Dear Phillip,

I am writing to formally notify you, under Condition 7 of Royal Mail's Licence, of Value Added Tax (VAT) related changes that will take effect on 6th December 2011.

Following Postcomm's publication of its decision document regarding the products that Royal Mail is obliged to provide in the discharge of its universal service obligation the VAT liability of certain products needs to change in order to comply with HMRC's rules and VAT law.

From 6th December 2011 VAT will be levied at the standard prevailing rate, currently 20%, on the following products:

- Mailsort[®] 1400 1 packets >1kg
- Mailsort[®] 1400 2 packets >1kg

From the same date Royal Mail will cease to levy VAT on both social and business Keepsafe.

A copy of this letter has been sent to Consumer Focus and will be published on Royal Mail's website within four working days. Further information will be posted on 6th September 2011 on [Royal Mail's website](#) in due course.

Yours sincerely,

Simon Oates, Director of Regulatory Strategy