



22 December 2011

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London
SE1 9HA

100 Victoria Embankment
London,
EC4Y 0HQ

Attn: Chris Rowsell

Copied for information to:
Consumer Focus
Fleetbank House
Salisbury Square
LONDON
EC4Y 8JX

CP4 NOTIFICATION: VAT on Postal Services April 2012

Dear Sirs,

I am writing to formally notify you, under CP4 of Royal Mail's Regulatory Conditions, of further Value Added Tax (VAT) related changes that will take effect on 2nd April 2012.

Under the Postal Services Act 2011, the potential scope for price control is limited to the Universal Service (and potentially to Royal Mail's access services – which are however not the subject of this letter). This has the effect of changing the VAT liability of certain Royal Mail products.

From 2nd April 2012, VAT will be levied at the standard prevailing rate, currently 20%, on the following products (in addition to those other Royal Mail products which already attract VAT):

- Response Services (inc. Packetpost Returns) 1st Class & 2nd Class
- Response Service Fee
- Postage Paid Impression (PPI) 1st & 2nd Class (a.k.a. Standard Tariff sold on account)
- Automated Standard Tariff Large Letter 1st & 2nd Class
- Cleanmail OCR & CBC 1st & 2nd Class (all variants)
- Mailsort 120 OCR & CBC 1st, 2nd & 3rd Class
- Mailsort 70 OCR & CBC 1st, 2nd & 3rd Class
- Mailsort 700 CBC 1st, 2nd & 3rd Class
- Mailsort 1400 Letters, Large Letters, A3 Packets & Packets <1kg, 1st, 2nd & 3rd Class
- Sustainable Mail 120 OCR & CBC 1st, 2nd & 3rd Class
- Sustainable Mail 70 OCR & CBC 1st, 2nd & 3rd Class
- Sustainable Mail 700 CBC 1st, 2nd & 3rd Class
- Sustainable Mail 1400 Letters & Large Letters 1st, 2nd & 3rd Class

Cont...

- Presstream (inc. Presstream Walksort) Large Letters, A3 Packets & Packets <1kg, 1st & 2nd Class
- Packetpost Large Letters & Packets <1kg, 1st & 2nd Class
- Packetsort (inc. Packetsort Plus) Large Letters & Packets <1kg, 1st & 2nd Class
- Walksort Letters, Large Letters & A3 Packets 1st & 2nd Class
- Advertising Mail 120 OCR & CBC 1st, 2nd & 3rd Class
- Advertising Mail 70 OCR & CBC 1st, 2nd & 3rd Class
- Advertising Mail 1400 Letters & Large Letters 1st, 2nd & 3rd Class
- Diversions
- Do Not Redirect
- PO Boxes (all variants)
- Ministerial Pouch Services

All customers who will be impacted by this change will receive a letter at least one month before it takes effect. The letter will direct them to further details on Royal Mail's website.

This letter has been copied to Consumer Focus and will be published on Royal Mail's website within 4 working days.

Yours faithfully,

A handwritten signature in black ink that reads "Simon Oates". The signature is written in a cursive, flowing style.

Simon Oates
Director of Regulatory Strategy