



**Department
for Exiting the
European Union**

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Dear Tim,

I am writing to provide a response to the Oral Question you put to me on Thursday 24th January regarding the amount of VAT that the United Kingdom will stop paying to the European Union after we have formally left the Union.

Currently, as a Member State of the EU, the UK does not transfer VAT receipts to the EU, and will therefore not do so after withdrawal from the EU.

EU member states do make contributions to the EU to fund the EU Budget. The contributions are calculated based on gross national income shares, their shares of what is known as a 'hypothetical harmonised VAT base', and customs duties. Further details are available in the Government's publication 'European Union Finances 2017'.¹

You will be aware that as we look to our future relationship with the EU, the UK is exploring continued participation in certain EU programmes and agencies. The exact terms on which we do so will be a matter for negotiation but of course we would expect to make a fair financial contribution in return for continued participation.

I am depositing a copy of this letter in the House of Commons Library.

Yours sincerely,

CHRIS HEATON-HARRIS MP
PARLIAMENTARY UNDER SECRETARY OF STATE FOR
EXITING THE EUROPEAN UNION

¹ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/691016/EU_finances_2017_Cm9576_print.pdf