

Price of caravan & contents = £10,000

VAT due = 10,000 x 10% = 1,000 x 20% = £200.00

Where the caravan is sold on at a tax inclusive price, the tax element can be calculated as follows:

$$\frac{\text{Tax-inclusive price} \times \text{tax rate} \times \text{standard-rated percentage}}{100 + (\text{tax rate} \times \text{standard-rate percentage})}$$

If the tax rate is 20% this is:

$$\frac{20 \times 10\%}{100 + (20 \times 10\%)} = \frac{2}{102} = \frac{1}{51}$$

So the tax element in an inclusive price of £10,200 is:

$$£10,200 \times \frac{1}{51} = £200$$

Please note that the 10% is applied to the price of the caravan including any charges for delivery, unloading, connection to mains services and positioning.