

# VAT Liability Building and Maintenance Costs

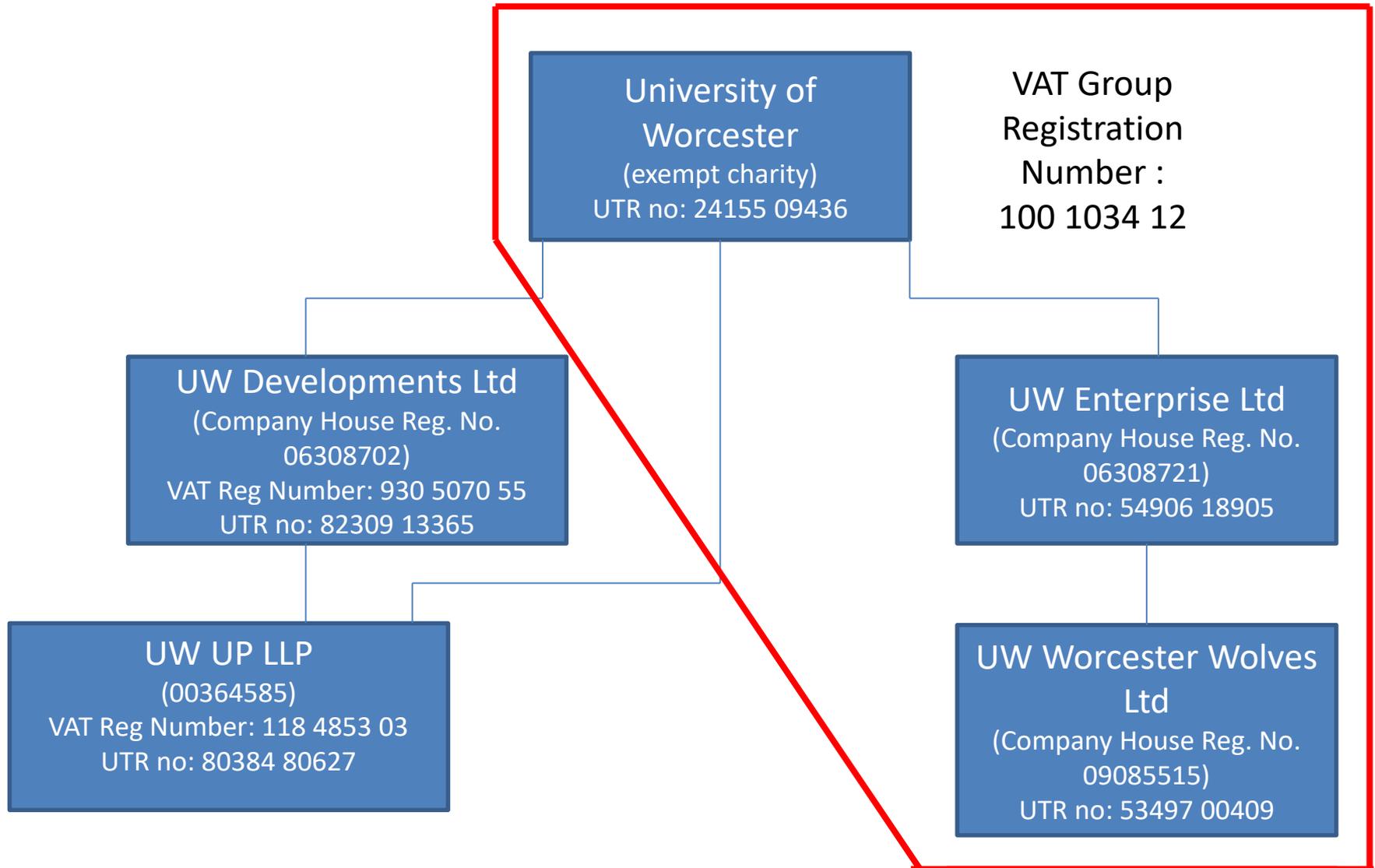
Andrea Marshall  
Ext 2634

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## Whistle-stop tour of ...

- The Group Corporate Structure of the University
- VAT reliefs available to University

# Group Corporate Structure



**1.5%** the amount of VAT UoW incurs that it can claim back

**100%** the amount of VAT on a project that hits your cost centre

So...

If we can avoid paying VAT (legally!) in the first place, immediately we save up to **1/6<sup>th</sup>** of our costs and your budget

## When is relief available ...

- Construction of/purchase of new student dwelling (0%)
- Conversion of a building into dwelling (5%)
- Changed number of dwellings (5%)
- Disabled aids and adaptations (0%)
- Installation of energy saving materials (5%)
- Medical equipment for medical research or training (0%)
- Advertising on someone else's "time or space" (0%)

## Purchase of or construction of a building for student residence eligible at 0% VAT

Available if:-

- the dwelling must consist of self-contained living accommodation, &
- there is no provision for direct internal access from the dwelling to any other dwelling or part of a dwelling, &
- the separate use or disposal of the dwelling is not prohibited by the terms of any covenant, statutory planning consent or similar provision, &
- statutory planning consent has been granted in respect of that dwelling and its construction or conversion has been carried out in accordance with that consent.
- If purchase must be first grant of a major interest in that building (21 years +)

## **Purchase of or construction of a building for student residence eligible at 0% VAT (cont.)**

The supply is in the course of construction EXCLUDES:

- conversion/reconstruction/alteration of existing building.
- enlargement/extension of existing building unless it creates an additional dwelling/dwellings.
- Only applies to building service – not professional fees....so we have....

## Residential Conversion 5% VAT

- Convert a **single household dwelling** to **increase the number of dwellings** in a building.
- Convert a **multiple occupancy dwelling** into an RRP-ie student **hall**.
- Conversion of a **commercial building** into a **dwelling**.
- **MUST meet the definition of a dwelling**

## Renovation/alterations empty properties 5% VAT

- Renovation/alteration of **single household dwelling**, RRP or houses in **multiple occupation** not occupied for **> 2 years**.
- **MUST meet the definition of a dwelling**
- We can also put a conversion project through UWD – so VAT “hit” on fees reduces from 20% to 5%

## Disabled Aids and Adaptations 0% VAT

- Relief potentially available for the following **but conditional & restricted:**
  - Ramps, doorways and passages
  - Bathrooms, washrooms and lavatories
  - Installation of chair/stair lifts
  - Installation of vertical lifts
  - Preparatory, restoration work and making good
  - Kitchens alterations
- Must be supply **AND** install
- Certificate Needed – Andrea to issue

## Installation of Energy savings materials 5% VAT

- Reduce rating (5%) if installed in
  - **dwellings** or
  - buildings used >95% for **RRP** (Relevant Residential Purpose i.e. halls)
  - does **not** apply to **other** University buildings
- Subject to ongoing challenge in courts – **contentious area**

## Installation of Energy savings materials (cont.)

Central heating and hot water controls	5% VAT
Insulation	5% VAT
Air source heat pumps	5% VAT
Boilers - wood fuelled	5% VAT
Draught stripping	5% VAT
Ground source heat pumps	5% VAT
Micro combined heat and power units	5% VAT
Solar panels	5% VAT
Water and wind turbines	5% VAT

## **Purchase and installation of equipment to be used MAINLY (i.e. >50% use) for medical or veterinary research, training, diagnosis or treatment**

- medical /veterinary equipment , e.g. specialist exam beds
  - computer equipment & some software, e.g. laptops but not storage unit
  - video equipment, e.g. AV equipment but not still cameras
  - sterilising equipment
  - refrigeration equipment, e.g. fridges for drugs
  - laboratory equipment eg. fume cupboards
  - scientific equipment eg. laboratory benches
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- Also includes repair, hire, maintenance and installation
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- **Certificate Needed – Andrea to issue**

## Advertising 0% VAT

Zero rating available to the University (as a charity) paying for advertising which communicates with the general public where advert is on a third party's media.

- Includes recruitment advertising or tendering.
- The relief covers both placing, design and production of advert.
- **Certificate Needed – Andrea to issue**

# Summary

Type of project	VAT Rate	Uni only?	Certificate needed?	Comments
Construction of/purchase of new student dwelling	0%	N	N	Must meet defn of a dwelling
Conversion of a building into dwelling	5%	N	N	Must meet defn of a dwelling
Changed number of dwellings	5%	N	N	But need to evidence split
Disabled aids and adaptations	0%	Y	Y	Supply AND install
Installation of energy saving materials	5%	N	N	Supply AND install
Medical equipment for medical research or training	0%	Y	Y	Can be goods only
Advertising on someone else's "time or space"	0%	Y	Y	