

Don't Miss VAT Relief

According to a recent survey, many property developers and individuals are missing out on a valuable VAT relief. Where a property conversion involves altering a commercial property to a residential one, changing a mixed-occupancy property into domestic dwellings or changing the number of dwellings in a single property, VAT is chargeable at five per cent rather than the standard rate of 17.5 per cent.

Since this VAT is irrecoverable for a person who bears the cost and is not VAT registered, this represents an additional cost to them of 12.5 per cent on all the works done.

If you are considering undertaking conversion works which may qualify for the exemption, you should take advice to make sure you do not pay more VAT than is necessary. For property developers who make onward zero-rated supplies, the main effect is on cash flow, but this can be considerable. There are substantial planning opportunities in this area.