

# EMPTY PROPERTY VAT EXEMPTIONS

The government have introduced new reliefs on value added tax from 1 January 2008.

- a reduction in value added tax from 17.5% to 5% on cost of renovating single house dwellings that have been empty for three years
- zero rating the sale of renovated buildings that have not been used for residential purposes for at least ten years

The rate has also been cut on other urban regeneration

Measures and projects including cost of converting housing into flats or bed-sits or vice versa. In the past developers have been deterred from conversion work and refurbishing empty properties because value added tax meant they could not re-cover their costs.

## **1. How does value added tax affect empty properties?**

- a developer or house owner can claim back all the value added tax charged on the renovation of a building that has been empty for ten years
- the developer will have to register for value added tax and sell the house to claim the value added tax (this relief is not applicable where a property is put to let)
- the house owner can make a claim for the value added tax, under the Do It Yourself Builders Refund Scheme available from Customs and Excise if they are retaining the property for private residential use and not selling it
- a builder can charge a reduced 5% rate of value added tax on work to renovate a house that has been empty for two years

## **2. How can the council's Empty Homes Officer help?**

- by confirming that a property has been empty for ten years (zero-rated sales)

- by confirming that a building has been empty for three years (reduced rate for building services)

### **3. What do Empty Property Officers need to do?**

- write an official letter to the developer or house owner with relevant details, confirming that the property was empty (date property last occupied, address etc)
- this is the developer's or house owners' evidence if customs need to check, Customs and Excise will accept this proof that the building was empty

### **4. What other information will Customs and Excise accept as indicators that the building was empty?**

- electoral roll, council tax data
- information from utilities companies

### **5. What do Customs and Excise mean by an empty?**

- no part of it the property has been lived in during the last three years (reduced rate) or ten years (zero rate)
- use for storage can be ignored
- illegal occupation by squatters can also be ignored

### **6. Where can I get more information?**

- telephone the Customs and Excise National Advice Service on 0845010 9000
- view the Customs and Excise website: [www.hmce.gsi.gov.uk](http://www.hmce.gsi.gov.uk)
- public notice 708 Buildings and Construction (July 2002)