

VAT treatment of deposits paid on sales of development land**Revenue & Customs Brief 36/09**

This Brief addresses the VAT treatment of deposits paid to developers by purchasers (including registered social landlords) of land on which dwellings are to be built. HMRC's view is that, where there is a *genuine* intention that the sale will (on completion) include partly-completed dwellings, the deposit can be zero-rated even if it is paid before construction commences. If that intention is not fulfilled (e.g. for genuine reasons the supply is eventually one of bare land), the vendor may have to revisit the VAT treatment of the deposit.

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