

Zero rated building
Roland Hall

This was an appeal against HMRC's refusal to repay a Do it Yourself Builders Scheme refund claim. The decision rested on the application of Note 18 to VATA1994 Schedule 8 Group 5 which was required to be met in order for the appellant to be entitled to a claim.

Note 18 provides that:

“A building only ceases to be an existing building when

- a) demolished completely to ground level; or
- b) the part remaining above ground level consists of no more than a single façade or where a corner site, a double façade, the retention of which is a condition or requirement of statutory planning permission.”

The planning permission did not require retention of the façade and so HMRC dismissed his reclaim. The taxpayer argued the only way he would have got planning permission was to retain the front façade. The Tribunal found that this retention itself was not a requirement of the permission and that Note 18 was not met. The appeal was dismissed.

Comment

This case shows the complexities of land and property VAT. Readers are advised to routinely consult VAT Property Solutions for an explanation of the VAT consequences of any transaction. VAT Property Solutions is available free on our website.

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