

## **Non business apportionment**

### [UKFTT 126 Quex Park Estates Ltd](#)

This case concerned the recoverability of input tax on extension and building works on a farm house. Quex Park Estates Ltd (Quex Park) argued the expenditure was part of the company's expenditure and for the company's benefit. The farm manager was required under contract to live on the farm. Quex Park tried to use [Danfoss](#) to look at the purpose of providing the farmhouse rather than simply looking at the provision of living accommodation. HMRC argued that input tax was not blocked in full but required apportionment. The Tribunal agreed with HMRC finding that legislation requires input tax to be disallowed on the provision of accommodation to a director (and persons connected with such a director) of the company. The Tribunal dismissed the appeal but did consider the domestic use to be 70 percent as opposed to the 90 percent argued by HMRC.

The taxpayer did at a late stage attempt to raise a Lennartz argument but this too was rejected by the Tribunal on the basis the option of using Lennartz was not taken at the time, and even if Lennartz applied, VAT would still be due on the cost of putting the business asset to private use.

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