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VAT Factsheet

One of the last and possibly best aspects of building your own home is receiving a cheque from HM Revenue and Customs giving back a large chunk of the VAT that you paid out during the build. Making the claim can be a time consuming and frustrating activity, so here are a few points to help:

- **You can make a claim** for a new house or an ordinary private domestic residence. You will need detailed proof of VAT paid on all the goods for which a claim is to be made.
- **The claim must be made** within three months of the building being completed and you can only make one claim, and so it is important to get it right the first time. You can make a claim for most of the goods and materials bought from a VAT registered supplier, which are incorporated into the building or the site.
- **Keep all your receipts** as you will need these to make a reclaim. You should not be paying out VAT on labour so scrutinise your invoices from your contractors.
- **Design built-in storage units.** Fitted furniture is not eligible for VAT relief but storage, including wardrobes, is eligible if designed into the fabric of the building, e.g. it encloses a space bordered by the walls, ceiling and floor (the third wall can be a stub wall). On opening the wardrobe, the painted wall must be visible and there should be no more than a single shelf and a rail for hanging clothes. You can of course adapt to suit once the building is complete.
- **Go for 'free' white goods with your kitchen.** White goods such as ovens, hobs, integral dishwashers and fridges are not eligible for VAT relief even if they are permanently built in. However, offers on kitchen units that include 'free' white goods can be a cost effective alternative.
- **Make sure that you undertake** all qualifying work before the main dwelling is completed. Labour and materials for hard landscaping for the driveway, main paths to and from your new dwelling, retaining walls and patios are all eligible for VAT relief, providing it is completed during the construction of the dwelling.
- **You cannot claim for** carpets but you can claim for floor coverings that are 'fixed', e.g. vinyl and wooden floors.
- **You cannot claim for** furniture, curtains, trees and plants, burglar alarms, professional services, equipment hire, transport of materials and tools used.

Conversions and renovations are not subject to the same rules for VAT as self build properties.

- Conversions are zero rated. However, unlike a new build, you do have to pay out VAT on labour costs, although you can reclaim this at the end of the project.
- Renovations:
 - If a property has remained unoccupied for at least 10 years prior to renovation then the same VAT rules which apply to conversions apply.
 - A 5% VAT rate applies to:
 - the renovation of dwellings which have been unoccupied for 3 years,
 - the conversion of an existing property into multiple dwellings,
 - the conversion of a dwelling into a care home, or bedsit accommodation.