

Information Sheet 16

VAT relief for accessibility works



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Introduction

Village halls are at the heart of community life, and as such should reach out to all sections of the community, ensuring that everyone can make full use of the building and its facilities.

An active village hall is a focus for activities which can bridge the divisions of age, sex, race, social class, newcomers, and local residents and can greatly improve the quality of life for those that use it. A village hall is in an ideal position to provide support for those who are most vulnerable, providing local facilities that can significantly increase their independence and general quality of life.

In reaching out to your community it's important to ensure that your hall has appropriate facilities. VAT legislation provides several reliefs. These are simple cost savings, with minimum administration. One essential criterion is that the recipient organisation is a registered charity.

We are grateful to VATAdvice for providing the content for this Information Sheet.

1

Ramps corridors and doorways

Points to note:

- Zero-rating applies to the construction of a ramp to allow entry into a building or movement within a building. This means the ramp may be outside, at an entrance or within the building.
- Changes to the gradient of a ramp or the levelling of a ramp cannot be zero-rated.
- Zero-rating applies to the widening of doorway or corridors to allow access. There must be an existing doorway or corridor as appropriate. So, for example, the creation of a new doorway which is wider than usual would not be zero-rated under this provision.

2

Accessible washrooms and toilets

Zero rating applies to:

- works to a washroom or toilet designed to be used by a disabled person. A washroom is not a room containing either a bath or shower.
- to the creation of a new facility. It also applies to works to extend or adapt an existing facility.

Note that zero-rating applies to the services of construction, not the supply of materials alone. This means you cannot ask a builders' merchants to zero-rate material you purchase directly for accessible toilets.

3 Lifts

It would be unusual to come across a village hall eligible to zero-rating on the installation of a lift, chair lift, or stair lift except in the two following circumstances.

- If the building includes a day centre or permanent or temporary residential space for disabled persons; or
- Where you install the lift for use by a named disabled individual.

If zero-rating is applicable, any subsequent works of repair and maintenance are also zero-rated.

4 Other works and apportionment

Where work is eligible to zero-rating as described, any works which are preparatory or making good are also zero-rated.

It is likely that, if you are eligible for zero-rating for some works as described above, there will be other works which must be standard rated.

When carrying out an improvement project it is likely that both zero and standard rates of VAT will apply. The hall committee should ask the building contractor to apportion these works between zero-rated and standard-rated using a simple percentage.

Example:

For a project of £100,000.

Suppose 30% of the works are identified as zero-rated; and 50% as standard rated, with the remaining 20% relating to both, you should split the 20% thus:

Zero-rated: $£100,000 \times 20\% \times (30/30+50) = £7,500$.

Total at zero-rate: £30,000 + £7,500 = £37,500.

Standard-rated: $£100,000 \times 20\% \times (50/30+50) = £12,500$.

Total at standard-rate: £50,000 + £12,500 = £62,500.

5 Certification

VAT legislation does not explicitly require a recipient charity to provide a formal zero-rating certificate to the building contractor. However, HMRC guidance does suggest that a certificate be provided. In the first instance, ask the contractor at an early stage what form of certification is required. A template is found in HMRC Notice 701/7 but requires some re-wording for a charity.

Sources of further information and advice

The ACRE Network provides an information and advice service for village hall management committees through its network of village hall advisers. A link to the village halls advisers is available on the ACRE website: **www.acre.org.uk**.

ACRE publishes a range of village hall publications and information sheets to support this service and are available from your local ACRE Network member. ACRE publications that may be of particular interest to readers of this information sheet are:

Information Sheet 7

Village halls and registration for VAT

Information Sheet 18

Village halls and VAT on building work and other purchases

Information Sheet 26

VAT on fuel and power supplies

Further Information

HMRC

www.hmrc.gov.uk
or telephone 0300 200 3700

VAT Advice UK

Can provide consultancy and advice for all charity VAT issues. We are grateful to them for their support in reviewing this Information Sheet.
www.vatadvice.org



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