

SCHEDULES

SCHEDULE 3

VALUE ADDED TAX: BUILDINGS AND LAND

Zero-rating

- 1 For Group 8 (construction of buildings etc.) of Schedule 5 (zero-rating) to the Value Added Tax Act 1983 there shall be substituted—

“GROUP 8—CONSTRUCTION OF DWELLINGS, ETC.

Item No.

- 1 The grant by a person constructing a building—
(a) designed as a dwelling or number of dwellings; or
(b) intended for use solely for a relevant residential purpose or a relevant charitable purpose,
of a major interest in, or in any part of, the building or its site.
- 2 The supply in the course of the construction of—
(a) a building designed as a dwelling or number of dwellings or intended for use solely for a relevant residential purpose or a relevant charitable purpose; or
(b) any civil engineering work necessary for the development of a permanent park for residential caravans,
of any services other than the services of an architect, surveyor or any person acting as consultant or in a supervisory capacity.
- 3 The supply to a person of—
(a) materials; or
(b) builders' hardware, sanitary ware or other articles of a kind ordinarily installed by builders as fixtures,
by a supplier who also makes to the same person supplies within item 2 of this Group or Group 8A below of services which include the use of the materials or the installation of the articles.

Notes:

- (1) “Grant” includes assignment.
- (2) “Dwelling” includes a garage constructed at the same time as a dwelling for occupation together with it.
- (3) Use for a relevant residential purpose means use as—
(a) a home or other institution providing residential accommodation for children;

Status: This is the original version (as it was originally enacted).

- (b) a home or other institution providing residential accommodation with personal care for persons in need of personal care by reason of old age, disablement, past or present dependence on alcohol or drugs or past or present mental disorder;
 - (c) a hospice;
 - (d) residential accommodation for students or school pupils;
 - (e) residential accommodation for members of any of the armed forces;
 - (f) a monastery, nunnery or similar establishment; or
 - (g) an institution which is the sole or main residence of at least 90 per cent. of its residents,
- except use as a hospital, a prison or similar institution or an hotel, inn or similar establishment.
- (4) Use for a relevant charitable purpose means use by a charity in either or both of the following ways, namely—
- (a) otherwise than in the course or furtherance of a business;
 - (b) as a village hall or similarly in providing social or recreational facilities for a local community.
- (5) Where part of a building is designed as a dwelling or number of dwellings or intended for use solely for a relevant residential purpose or a relevant charitable purpose (and part is not)—
- (a) a grant or other supply relating only to the part so designed or intended for such use (or its site) shall be treated as relating to a building so designed or intended for such use;
 - (b) a grant or other supply relating only to the part neither so designed nor intended for such use (or its site) shall not be so treated; and
 - (c) in the case of any other grant or other supply relating to, or to any part of, the building (or its site), an apportionment shall be made to determine the extent to which it is to be so treated.
- (6) Where all or part of a building is intended for use solely for a relevant residential purpose or a relevant charitable purpose—
- (a) a supply relating to the building (or any part of it) shall not be taken for the purposes of item 2 or 3 as relating to a building intended for such use unless it is made to a person who intends to use the building (or part) for such a purpose; and
 - (b) a grant or other supply relating to the building (or any part of it) shall not be taken as relating to a building intended for such use unless before it is made the person to whom it is made has given to the person making it a certificate in such form as may be specified in a notice published by the Commissioners stating that the grant or other supply (or a specified part of it) so relates.
- (7) The grant of an interest in, or in part of, a building designed as a dwelling or number of dwellings is not within item 1 if—
- (a) the interest granted is such that the grantee will not be entitled to reside in the building, or part, throughout the year; or

Status: This is the original version (as it was originally enacted).

- (b) residence there throughout the year will be prevented by the terms of a covenant, statutory planning consent or similar permission.
 - (8) Where the major interest referred to in item 1 is a tenancy or lease—
 - (a) if a premium is payable, the grant falls within that item only to the extent that it is made for consideration in the form of the premium; and
 - (b) if a premium is not payable, the grant falls within that item only to the extent that it is made for consideration in the form of the first payment of rent due under the tenancy or lease.
 - (9) The reference in item 2 to the construction of a building or work does not include a reference to—
 - (a) the conversion, reconstruction, alteration or enlargement of an existing building or work; or
 - (b) any extension or annexation to an existing building which provides for internal access to the existing building or of which the separate use, letting or disposal is prevented by the terms of any covenant, statutory planning consent or similar permission; and the reference in item 1 to a person constructing a building shall be construed accordingly.
 - (10) A caravan is not a residential caravan if residence in it throughout the year is prevented by the terms of a covenant, statutory planning consent or similar permission.
 - (11) Item 2 does not include the supply of services described in paragraph 1(1) or 5(3) of Schedule 2 to this Act.
 - (12) The goods referred to in item 3 do not include—
 - (a) finished or prefabricated furniture, other than furniture designed to be fitted in kitchens;
 - (b) materials for the construction of fitted furniture, other than kitchen furniture;
 - (c) domestic electrical or gas appliances, other than those designed to provide space heating or water heating or both; or
 - (d) carpets or carpeting material.
 - (13) Section 16(3) of this Act does not apply to goods forming part of a description of supply in this Group.”
- 2
- (1) Group 8A (protected buildings) of that Schedule shall be amended as follows.
 - (2) In item 1, for the word “granting” there shall be substituted the word “grant”.
 - (3) In Note (1), for the words “a building which” there shall be substituted the words “a building which is designed to remain as or become a dwelling or number of dwellings or is intended for use solely for a relevant residential purpose or a relevant charitable purpose after the reconstruction or alteration and which, in either case,”.
 - (4) After that Note there shall be inserted—
 - “(1A) Notes (1) to (8) to Group 8 above apply in relation to this Group as they apply in relation to that Group.”

Status: This is the original version (as it was originally enacted).

- (5) Note (5) shall be omitted.
- (6) After Note (6) there shall be inserted—
- “(6A) For the purposes of item 2 the construction of a building separate from, but in the curtilage of, a protected building does not constitute an alteration of the protected building.”
- (7) The following Note shall be substituted for Note (7)—
- “(7) Item 2 does not include the supply of services described in paragraph 1(1) or 5(3) of Schedule 2 to this Act.”
- 3 In Group 11 (caravans and houseboats) of that Schedule, for paragraph (b) of the Note there shall be substituted—
- “(b) the supply of accommodation in a caravan or houseboat.”