

# Owners of listed buildings miss £250m in Vat relief

If you own an historic property, you could claim back the Vat on the cost of renovation work, writes  
**Michael Holmes**

ABOUT £250m of Vat relief on alterations to the 700,000 listed buildings in Britain remains unclaimed each year.

Britain has more protected buildings than the rest of Europe put together, from the humblest cottage to the grandest stately home, and the tax concession is intended to help owners carry the burden of looking after a property that is considered a national treasure.

Vat is payable on all domestic building work at 17.5%, with the exception of works to listed buildings that require planning permission. These "approved works" include remodelling, extensions, the installation of central heating, fitted kitchens, adding bathrooms and replacing windows. The relief is not, however, granted on repair or maintenance work.

A typical renovation programme to a listed building costs £100,000, of which you could potentially claim £16,000-£16,500 in Vat relief.

It is a complicated area and unless you have the time for extensive research, consult an expert. Look for a specialist renovations contractor, or architect or surveyor with relevant experience — and check references. Expect Vat advice to cost between £600 and £700.

All building works should be bundled into packages according to status: works eligible for grant aid; works eligible for Vat relief; works eligible for both grant aid and Vat relief; and



To the manor drawn: renovating her 15th-century home is Kate Newton's life's work

works rated at 17.5% Vat. The secret of maximising Vat relief lies in the correct classification of the work at planning-permission stage. Any non-maintenance work is classed as an alteration — even painting the doors a different colour — and qualifies for Vat relief.

Contractors and subcontractors must be Vat-registered as relief operates through their Vat returns. To trigger the Vat relief, most works must be instructed in writing, together

with documentary evidence establishing the building's eligibility for relief — a copy of the listing available from the council and a copy of the planning consent showing the nature of the qualifying works.

All costs, including labour, materials and profit, are zero-rated, provided they are supplied by your contractor. If you are using subcontractors who are not Vat-registered, they should be employed by the main contractor. There is an alter-

native DIY Vat scheme that allows renovators to claim some Vat relief on their own materials, but Customs and Excise often refuses to refund the money.

Vat wrongly paid on alterations to protected buildings — which technically includes buildings in conservation areas, national parks and areas of outstanding natural beauty as well as listed buildings — can be reclaimed up to three years after completion. You can

apply for grant aid for renovations. This is funded by central government and administered by local councils. They cover a maximum of 40% of the capital cost of works required to bring a property up to a habitable standard, not exceeding £20,000; people on state benefit can get more.

Historic grants are administered by conservation officers and are funded in partnership with English Heritage. Generally in the region of £2,000-£3,000, they are awarded for essential repair work to historic buildings at risk.

Kate Newton hopes to be able to move into the east wing of her Grade II moated manor house in Staffordshire later this summer, four years after renovation work began.

"We bought Sinai in 1993 for the price of a small cottage," says Kate, who works for a public relations firm. "The oak-framed property dates back to the 15th century. We liked the idea of something old that required work." Kate has spent about £15,000 on renovation works, half of which has been funded by grants from English Heritage and the local council. She estimates it will cost a further £350,000 to finish the house, which has become her life's work.

The project has been managed by specialist architect Duval Brownhill and because the building has remained uninhabited since 1975, all works are zero-rated for Vat. She intends to reclaim the tax on the DIY system on completion and expects to get back more than £20,000.