



Diocese of Ripon & Leeds Diocesan Advisory Committee Guidelines

CHURCHES AND VAT

Parishes are encouraged to establish whether any works they are undertaking could be zero-rated for VAT. In cases where zero-rating does not apply, the Listed Places of Worship Grant Scheme should be explored. See below.

Approved alterations to the fabric of listed churches may be zero-rated for VAT purposes.

Materials and builder's hardware supplied in the course of alteration or construction work to listed buildings may be zero-rated for VAT purposes. This includes altars, church bells, fonts, organs, lecterns, pulpits, amplification equipment, heating systems, lighting systems and security systems.

Approval is by way of a Faculty and H M Revenue and Customs say 'normally a copy of the faculty is given to the builder so that he can zero-rate the relevant alteration work'. Therefore it is recommended that as soon as a Faculty is received this course of action is followed.

The DAC understands that if, for example, a boiler and heaters are being replaced, this is not an alteration and therefore VAT is payable. However, if additional heaters are being installed, that may be an alteration, and the additional heaters may be zero-rated. Similarly, if lighting is being renewed in the same position, that is not an alteration, but if the lights are in different positions, then that may be an alteration, as would the installation of a new external light, fixed to the church.

It is the responsibility of the contractor to determine the VAT liability of the work he undertakes and, if he is in doubt in specific areas he should contact his own VAT office for advice.

H M Revenue and Customs

Tel: 0845 010 9000 (National Advice line for general queries about VAT)

Website: www.hmrc.gov.uk

The Listed Places of Worship Grant Scheme

As the law stands at present, as far as listed buildings are concerned, VAT is payable on repairs, however a scheme is running (until March 2011) whereby 100% VAT may be reclaimed for repairs to the fabric of listed churches.

The Listed Places of Worship Grant Scheme (LPWGS) provides relief for eligible repairs and maintenance which are not covered under the approved alteration provisions and are therefore subject to VAT. All applications for eligible works, regardless of submission date, for projects carried out prior to 1st April 2004 will be grant aided at 12.5%. Any eligible

works completed on or after 1st April 2004 will be allowed a full VAT refund of 17.5%. This scheme is due to run until March 2011.

What does eligible mean?

- Only works carried out to *repair or maintain* the building are eligible.
- The works must have been undertaken to the *fabric* of a protected building. The fabric includes its foundations, walls, roofs, rainwater goods, drainage, internal surfaces, floors, stairs, landings and all its doors and windows (this covers maintenance as well as repair, so that the provision of a grille to protect a valuable window may be eligible).
- The scheme, from April 2006, will also cover the VAT costs incurred on *professional fees* and include fixtures and fittings for listed places of worship,
- *Services supplied in connection with the repair works*, such as plumbing, electrical, and any other building services are eligible.
- Work to *fixtures and fittings*, such as bells, pews, clocks and organs, are eligible.
- Servery or bathroom fittings, heating and electrical systems, floor coverings, furniture, may not be eligible – check specific questions with the scheme managers.
- Construction of *new buildings or parts of buildings* are not eligible.
- Work to *ancillary structures* such as gravestones and graveyard monuments, boundary walls, gates, gardens or car parks are not eligible.
- Only works for which VAT has been paid and for which you have an original VAT receipt are eligible.

Making a claim: March 2011 deadline

- The building must have been listed at the time the work was carried out. A copy of the “Listing” giving details of the grade of the building can be obtained from your local planning authority or the DAC office.
- Applications can only be made in arrears in respect of works carried out on or after 1st April 2001.
- The work must have been performed by a VAT registered contractor and the VAT on the work must have been paid. Applications must be accompanied by the *original* VAT invoice and receipt as issued by the contractor, to show that the VAT has been paid.
- The minimum (VAT exclusive) claim amount is £1,000 and may cover a number of small claims, but all claims must be in respect of eligible works.
- As the scheme is due to end on 31 March 2011 all applications for the grant must be submitted by 30 March. Late claims will not be accepted.
- Grants received from other statutory agencies (i.e. English Heritage, Heritage Lottery Fund or other Lottery distributor) in respect of the same work must take into account the LPW grant and, where appropriate, a proportion of the grant money received must be repaid so that the money is not received twice.
- The application form and further details of the scheme can be obtained from the LPWGS or from their website (see below).

For full details contact the Listed Places of Worship Grants Scheme.

Tel: 0845 601 5945

Website: www.lpwscheme.org.uk

Parishes that benefit from the Grant Scheme are strongly encouraged to write to Alexander Nicoll (Church of England VAT Group) telephone 020 7898 1459 alexander.nicoll@c-of-e.org.uk to provide him with evidence of additional works of maintenance and repair that have been achieved because of the VAT refund. Doing this provides the Church of England with material demonstrating the positive outcome of the grant and may help to support a lower rate for repair and maintenance when this issue is debated at European Union level.

This advice and information is given in good faith and is based on our understanding of the current law. The DAC cannot accept any responsibility whatsoever for any errors or omissions which may result in injury, loss or damage including consequential or further loss. It is the responsibility of the PCC to ensure that it complies with its statutory obligations. This Guidance Note is intended only as an introduction to the assessment of VAT liability and the Listed Places of Worship Grant Scheme. The PCC will need to pursue enquiries about VAT for each project to ensure that the correct level of rating is known at the outset.