



Home Owner Information Pack

Contents

Keeping your Empty Home Safe and Secure

Renovations Overview

Renovating your Empty Home – VAT Discount for 2 Years Empty

Renovating your Empty Home – VAT Discount for 10 Years Empty

Empty Property Matchmaker Scheme

Renting your Empty Property

KEEPING YOUR EMPTY HOME SAFE AND SECURE



A long term empty home is one that has been vacant for 6 months or more. It has been estimated that an empty home can cost the owner around £7310 a year through council tax, increased insurance and maintenance costs, outlays for security and lost rental income.

Bringing it back into use not only saves the owner these costs, it can provide rental income or a lump sum through sale.



Managing your empty home

Even if your empty property is in good condition now, empty properties are more likely to be at risk of vandalism and criminal damage, and to have higher maintenance and repair costs than occupied properties.

While your property remains empty, it is important that you take the time to ensure it does not deteriorate. As a bare minimum you should ensure that it is secured and maintained and make every effort to ensure that it does not become a nuisance to neighbours.

We recommend that you:

- Check the property regularly
- Ensure property is adequately insured
- Leave a contact telephone number with neighbours
- Maintain gardens and exterior spaces
- Repair any accidental damage or vandalism
- Hang curtains or blinds and install light timer switches so it looks occupied
- Drain the water system

Occupation is the best security

The best way to ensure your property is safe and secure while you are not using it is to keep it occupied. Occupation deters crime and keeps your property regularly maintained.

There are a number of options for getting your property back into use. These include:

- Renting the property out, either yourself, through a letting agent or through a local deposit guarantee scheme.
- Selling the property to a new owner. You can sell through an estate agent, at an auction or by advertising the property yourself. If you can't afford the work or it's difficult to organise, think about selling to a builder or developer at a lower price.
- Renting the property out on a short term basis, for example, as a holiday let.
- Considering the use of a property guardian

Prevention is better than cost of cure

Every effort should be made to prevent deterioration of your property, especially over the winter months when there are a number of increased risks. In particular, water pipes can freeze and split, and pipes can burst: when a property is empty this can go unnoticed for some considerable time.

If a burst pipe leaks and water comes gushing through the ceiling, it can cause real damage to your home. Even worse, burst pipes and leaks can be complicated to fix, and repair work may involve digging up your lawn, tarmac or paving.

You can avoid this kind of damage by preventing burst pipes and leaks in the first place. Just putting the heating on for short periods will not guarantee a problem-free winter so you may wish to try the following care tips:

- Insulate your loft and the sides of your water tanks.
- Insulate all your pipes.
- Make regular checks to your property.
- Re-washer dripping taps because if they freeze they'll block the pipe.
- Make sure you know where your stopcock is and check regularly that you can turn it off easily in an emergency. When you turn your stopcock in a clockwise direction your water supply will be shut off.
- Where a property may be vacant for a prolonged period it is strongly advised that you have the system drained down, thereby avoiding the possibility of burst water pipes.

Many insurance policies are invalidated if the property is left empty for 30 days or more. It's important to be adequately insured, so make sure your existing insurance

provider has been informed about the property status or this may invalidate a claim.

There are now specialist buildings and contents insurance products available if you are planning on leaving the property empty for any length of time. This can be arranged for 3 months a time (for example while the property is on the market for sale) and extended if the property remains empty.

You might also wish to register with a flood alert service to ensure that if there is an extreme weather that puts your property at risk of flooding, you receive a warning of this in time to prevent water ingress.

Be aware of property fraud

As buildings are usually the most valuable assets people own they make attractive targets for fraudsters. Any property owner can become a victim of property fraud; however it becomes considerably more likely where a property is empty.

There are many different types of property fraud. They can range from a fraudster using the empty property address to obtain loans and credit cards, to them claiming ownership of an empty property to raise money from mortgaging or selling it.

There are a number of things you can do to prevent fraud or forgery in relation to your empty home:

- **Make sure your property and title is registered with the Registers of Scotland:** this gives you greater security of title and means that if you suffer a loss as a result of a fraud then compensation may be available.
- **Ensure your details on the Land Registry are up to date:** if the Registers of Scotland receives an application concerning your property, they will send notices and letters to the address you have previously provided so make sure they have your current address. You can stop Land Registry registering a sale or mortgage unless this has been certified to have been made by you. See the Direct Gov information webpage.
- **Be careful if you are asked to sign documents:** take professional advice if you are not sure what you have been asked to sign and what its legal effects might be.
- **Make regular inspections of your property:** check that the property is not being occupied without your knowledge or used as a correspondence address for persons you do not know.
- **Keep your details up-to-date with your utility providers:** fraudsters may change the utilities into their name in order to obtain 'proof of address' documents which may then be used to apply for credit.

If you believe you may have already been the victim of property fraud then consider contacting a solicitor or the Citizens Advice Bureau and the police.

Useful contacts and links

Your local Empty Homes Officer can discuss any of the above options with you, and give you more information about how the council can help you. Here are some useful contacts:

Karen Rae, Renfrewshire Council, Empty Homes Officer
0141 618 6262 or email

HousingStrategyQuality.hps@renfrewshire.gov.uk

Other contacts and links

SEPA Floodline: 0345 988 1188

Sign up to receive flood warnings direct to your phone:

<http://floodline.sepa.org.uk/floodingsignup/>

Scottish Water 24hr customer helpline: 0800 0778 778

<http://www.scottishwater.co.uk/contact-us>

National Gas Emergency number: 0800 111 999

Direct Gov: Protecting your property against fraud

<https://www.gov.uk/protect-land-property-from-fraud>

Registers of Scotland: 0800 169 9391

www.ros.gov.uk

Home Office Identity Fraud

http://www.actionfraud.police.uk/fraud_protection/identity_fraud/

Citizens Advice Bureau

<http://www.cas.org.uk/>

RENOVATIONS OVERVIEW



This leaflet provides an overview of the things you need to think about when renovating your empty property, and the support and guidance that is available.

Identifying the work to be done

Depending on the condition of the property, you may need a professional to assess exactly what work you should have carried out. Your Empty Homes Officer may be able to arrange for a Council surveyor to visit the property and provide a schedule of works.

Planning permission & building warrants

If you are making physical alterations to the property, you should check with the Council's Planning and Building Standards departments whether the works need permission. If consent is required, Council officers can advise you on submitting your application.

You may need to employ an architect or engineer to design and draw your proposals.

Costing the works

You should get at least three quotes for the work that you need to have carried out. This will give you a clear picture of the cost of the work and the opportunity to select the best contractor for you.

Selecting contractors and other professionals

There are a number of ways to find contractors:

- You can search online or use the Yellow Pages.
- You can use a quote request website such as www.ratedpeople.com
- You can contact the relevant professional body for a list of people operating in your area.
Architects: RIAS www.rias.org.uk
Structural engineers: www.istructe.org
Chartered Surveyors (RICS): www.rics.org
- You can use recommendations from a friend
- You can use your local Trusted or Approved Trader Scheme

Angus:

http://www.angus.gov.uk/info/20001/business/302/angus_reputable_trader_scheme

Argyll & Bute:

<https://www.argyll-bute.gov.uk/approved-trader-scheme>

Clackmannanshire:

<http://www.clackweb.org.uk/business/bwc/>

Dumfries & Galloway:

<http://www.dumgal.gov.uk/trustedtrader>

Dundee City:

<https://www.dundee.gov.uk/environment/trustedtrader>

East Ayrshire:

<https://www.east-ayrshire.gov.uk/BusinessAndTrade/TradingStandards/Trusted-Traders-Scheme.aspx>

East Lothian:

<https://www.eastlothian.gov.uk/trustedtrader>

East Renfrewshire:

<http://www.eastrenfrewshire.gov.uk/trustedtrader>

Edinburgh, City of:

http://www.edinburgh.gov.uk/info/20027/trading_standards/1205/trusted_trader_scheme

Falkirk:

<http://www.falkirk.gov.uk/services/business-investment/buy-with-confidence.aspx>

Fife:

www.referenceline.com/tradingstandards/fife

Midlothian:

https://www.midlothian.gov.uk/info/265/trading_standards/142/consumer_advice

Perth & Kinross: <http://www.pkc.gov.uk/tradingstandards>

Renfrewshire:

<http://www.renfrewshire.gov.uk/trustedtraders>

South Ayrshire:

<https://www.south-ayrshire.gov.uk/trusted-trader/>

South Lanarkshire:

http://www.southlanarkshire.gov.uk/info/200162/consumer_advice/922/buy_with_confidence/2

Stirling:

<http://my.stirling.gov.uk/services/business-and-trade/trading-standards/training-in-trading-standards>

West Dunbartonshire:

<http://www.west-dunbarton.gov.uk/business/trusted-trader/>

West Lothian:

<https://www.westlothian.gov.uk/article/3745/Search-for-a-Trusted-Trader>

Discounts, loans and grants

There are a number of financial supports available to empty home owners who are refurbishing their property to bring it back to use. It is worth investigating which of them will be available for your property, as they can bring a significant reduction in the cost of the works.

Many local authorities administer loans and sometimes a grant element which can be used to bring empty properties back into use. Arrangements vary, but the aim is to bring the long term empty property back into use for a minimum of 5 years at affordable housing rates. A number of local authorities have loans with the condition of selling at affordable levels. Each scheme will be subject to eligibility and available funds.

Some local authorities have funding for feasibility studies which can help to assess the level of works required.

The main discounts for works to empty properties are set out below:

VAT reductions

If your property has been empty for two years, any renovation or alteration works carried out will be eligible for a reduced VAT rate of 5%. This represents a 15% saving of the total cost of VAT.

If your property has been empty for ten years and you are renovating it for yourself or your family to live in, the works benefit from zero-rated VAT. This represents a 16.6% saving of the total cost.

Energy efficiency measures

There are a number of loans and in some circumstances grants for the installation of energy-efficiency measures and renewable technologies, for example full or part funding for loft insulation and installation of central heating.

You can find more information at

- <http://www.energysavingtrust.org.uk/scotland/grants-loans>

Services and Discounts for Empty Home Owners

The Scottish Empty Homes Partnership and empty homes practitioners have established relationships with companies and services that could be of use to empty homes owners. See the separate information sheet with details of services which could be of use, including some discounted offers when referred through your empty homes officer.

If you can't afford to carry out the work that is needed to bring the property back into use, you still have a number of options.

- The simplest may be to sell the property in its current condition. See our leaflet on selling your property for more information.
- You could look for a loan to cover the cost of the works – perhaps releasing equity through remortgaging.
- You could consider a sweat equity arrangement where the 'tenant' pays no or low rent in exchange for making improvements to the property. See our leaflet on sweat equity for more information.

Contact your local Empty Homes Officer

Karen Rae 0141 618 6262

Email:

HousingStrategyQuality.hps@renfrewshire.gov.uk

What if I can't afford the work?

**RENOVATING YOUR EMPTY
HOME
VAT REDUCTION 2 YEARS**



ABOUT THIS LEAFLET

Are you renovating, or considering renovating, an empty residential property?

Has the property been empty for between 2 and 10 years?

If the answer to each of these questions is Yes, then this information leaflet is for you.

This leaflet is also for you, if the property you wish to renovate has been empty for longer than 10 years, and you intend to sell or rent the property rather than use it either as a family home or holiday property for yourself, your family or your relatives?

The leaflet summarises key information in; HM Revenue & Customs VAT Notice 708: Buildings and Construction. It explains how you may be eligible to pay a reduced rate of VAT in connections with services, goods and materials used in the renovation.

Here's why the leaflet is important and could help to save you money;

The reduced rate of VAT is 5%. This compares to standard rate VAT, which is currently 20%. So if the property you are renovating qualifies for reduced rate VAT it is important that you make sure contractors are aware of this before they start work on your property and invoice you for goods and services accordingly.

However, it is also important to note that there are restrictions on types of property, end use of property and services and goods, that are eligible for reduced rates of VAT. Some properties may not be eligible, and in all cases, you can only receive reduced rate VAT if the contractor is working on your property. If you are buying building materials but installing them yourself, then you will have to pay standard rate VAT.

This can make a large difference to the costs of renovation.

For example, standard rate VAT on goods and services that cost £10,000 would add a further £2,000 to the total cost (20% of 10,000), whereas reduced rate VAT on the same goods and services would only be £500 (5% of 10,000)

[Because of this, we recommend that in addition to reading this leaflet, you seek specialist VAT advice before purchasing a property that you intend to renovate. If you have already purchased the property, we recommend seeking specialist VAT advice before starting any work.](#)

This will help you to ensure you can receive any discounts you may be eligible for, and also that you know how much the renovation will cost and can budget accordingly.

Summary

If you are bringing a home that has been empty for two years or more back into use, then you may be eligible to pay a reduced rate of VAT (currently 5%) on renovation work, goods and materials.

There is no requirement for you, or any member of your family, to live in the property after renovation, and it will remain eligible for reduced rate VAT even if you are intending to renovate the property to sell or rent on the open market.

However, to access reduced rate VAT, you must use a VAT-registered contractor and the contractor has to provide services for you. This means that they have to work on the property and not just provide the goods and materials for you to install.

Please also note, that if the property you are renovating was empty for more than ten years, and you intend to bring it back into use as a **family home** for **residential or holiday** purposes **for yourself or your relatives** you may be eligible for zero rated VAT. Please see our leaflet: **Renovating your empty home – VAT discounts for 10 years empty residential properties.**

Type of properties which qualify

Section 8 of Notice 708 sets out four types of property where renovations or alterations are eligible for reduced rate VAT. These are;

- a single household dwelling
- a multiple occupancy dwelling
- a building (or part of a building) which, when last lived in, was used for a relevant residential purpose and after the renovation or alteration will be used solely for such a purpose,
- a building (or part of a building) which, when last lived in, was 1 of a number of buildings on the same site that were used together as a unit for a relevant residential purpose, and after the renovation or alteration will be used solely for such a purpose.

The likelihood is that the property you are renovating will fall into one of the first two categories, and so you will be eligible for reduced rate VAT on relevant goods and services.

However, it is important to note that a property covered under these two categories may also have been used for a **'Relevant residential purpose'** and if it was, it falls within the third and fourth category.

This may mean it is not eligible for reduced rate VAT because of the requirement for it to continue being used for such a purpose after refurbishment.

How to establish if your property qualifies for reduced rate VAT?

In order to establish whether the property you are looking to renovate falls within one of these categories, you should first look at the definitions of single household dwelling, house in multiple occupation and multiple occupancy dwelling set out below. If your property is covered under these definitions, you are at least half way there.

A **'single household dwelling'** is a dwelling that:

- is designed for occupation by a single household either as a result of having been originally constructed for that purpose (and has not been subsequently adapted for occupation of any other kind), or as a result of adaptation
- consists of self-contained living accommodation
- has no provision for direct internal access to any other dwelling or part of a dwelling
- is not prohibited from separate use by the terms of any covenant, statutory planning consent or similar provision, and
- is not prohibited from separate disposal by the terms of any covenant, statutory planning consent or similar provision.

A **'house in multiple occupation'** is a dwelling that:

- is designed for occupation by persons not forming a single household either as a result of having been originally constructed for that purpose (and has not been subsequently adapted for occupation of any other kind), or as a result of adaptation
- consists of self-contained living accommodation
- has no provision for direct internal access from the dwelling to any other dwelling or part of a dwelling
- is not prohibited from separate use by the terms of any covenant, statutory planning consent or similar provision
- is not prohibited from separate disposal by the terms of any covenant, statutory planning consent or similar provision.

A **multiple occupancy dwelling** is normally a dwelling where an occupant will have some personal space

and facilities (such as a bedroom or a bedsit) and will share other facilities with other occupants. Examples of such dwellings are a block of bedsits or a cluster flat.

Multiple occupancy dwellings do not include:

- single household dwellings with accommodation for au pairs, family guests or 'live-in' lodgers
- hotels, guest houses, and similar establishments providing accommodation for holiday makers, travellers and similar temporary guests

If your home is covered by any of the above definitions, it should be eligible for reduced rate VAT as long as it was not also used as a 'relevant residential purpose'. This is defined in **14.6.1 of notice 708** as buildings that are or were;

- a) a home or other institution providing residential accommodation for children,
- 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,
- g) an institution which is the sole or main residence of at least 90 per cent of its residents; but not used as:
 - hospital or similar institution,
 - prison or similar institution, or
 - hotel, inn or similar establishment

If the property was used for any of these purposes, then it will only be eligible for reduced rate VAT if it continues to be used for one of those purposes. So, if you intend to live in the property yourself, or to rent or sell it on the open market, you will not be able to pay reduced rate VAT.

The same applies where any part of the building was used for a relevant residential purpose. So, for example, a schoolhouse used by a caretaker that forms part of a building that was used as residential accommodation for students or school pupils, will not be eligible for reduced rate VAT if you intend to live

in the property yourself, or to rent or sell it on the open market.

Establishing if your property has been empty for 2 years

HMRC will require evidence to prove that the property has been empty for two years or more.

You can obtain this from an Empty Homes Officer who can provide a letter certifying that the property has not been lived in for two years. **VAT Notice 708: Buildings and Construction**, states that if you have such a letter you do not need any other evidence. It goes on to note that if an Empty Homes Officer is unsure about when a property was last lived in they should write with their best estimate.

In these instances, HMRC may ask for other supporting evidence. They will make any such request via the contractor who is carrying out the work.

Notice 708 also provides further information on what is and is not included by HMRC when establishing whether a residential property has been empty for two years.

The main points from the notice are summarised below;

Occupation excluded from calculation of 2-year period

In accordance with **8.3.3 of Notice 708**, when considering when a dwelling was last lived in you can ignore any:

- illegal occupation by squatters;
- occupation by 'guardians'; and
- non-residential use, such as storage for a business.

The notice defines a 'guardian' as;

'A person who is installed in a property by the owner or on behalf of the owner to deter squatters and vandals. He or she may pay a low rent on terms that fall short of a formal tenancy. Alternatively, he or she may be paid to occupy the property.

A 'guardian' is to be distinguished from a caretaker or housekeeper who lives permanently in the property. Property occupied by a caretaker or housekeeper is likely to be furnished throughout.'

Occupation included in calculation of 2-year period

8.3.3 of Notice 708 states that;

- if the dwelling has been lived in on an occasional basis (for example, because it was a second home) in the two years immediately before you start your work you cannot reduced-rate your supply.

This means that if the property you are renovating was a second home, it is important that you establish whether it has been lived in at any time during this period, and note that this may mean that you are not eligible for reduced rate VAT and will have to pay VAT at standard rate.

Can you live in the property before it is renovated?

Section 8.34 of Notice 708 states that;

- if, when your work starts, the premises are being lived in, or have been lived in during the previous two years, all of your work is standard-rated.

This means that you cannot live in the building at any time before the work starts as this will be counted as falling within the 2-year period and standard rate VAT will be payable. The first day that you can live in the property is the day **after** the work starts.

However, there is one important exemption to this, that may apply to most people renovating an empty home. This is that if you are renovating or altering a 'single household dwelling' you remain eligible for reduced rate VAT from a contractor provided that;

- No renovation or alteration had been carried out in the two years before you acquired the dwelling (with the exception of any minor works that were necessary to keep the dwelling dry and secure), and;
- The contractor is carrying out the work within 1 year of the you acquiring the dwelling.

Therefore, unless you are renovating or altering a 'single household dwelling' that you acquired within the last twelve months **do not move into the property before the contractor starts work on it.**

How to claim the reduced rate VAT

The reduced rate of VAT will be charged by the contractor themselves, so it is important that you let the contractor know that the property has been empty for two years or more before they commence work or order any goods or materials for your home.

The discount on VAT is applied directly by the contractors – it is not something that you claim back from HMRC. Therefore, you will need to ensure that

your contractors understand the reduced VAT rate rules so that they invoice you correctly.

What goods and services you can and can't claim for

Services/works

Section 8.4 of the notice sets out the work that can be reduced rated for VAT purposes. Whilst this is extensive, it does not cover all services, so it is worth noting the following information.

Any works of repair, maintenance (such as redecoration), or improvement (such as the construction of an extension or the installation of double glazing) carried out to the fabric of the dwelling can be reduced rated.

In addition, works can be reduced rated if they are within the immediate site of the dwelling and are in connection with the:

- means of providing water, power, heat or access;
- means of providing drainage or security; or
- provision of means of waste disposal.

Contractors can also reduce- rate the:

- renovation of a garage,
- construction of a garage, or
- conversion of a building into a garage

Provided that the work is carried out at the same time as the renovation or alteration of the premises concerned, and the garage is intended to be occupied with the renovated or altered premises.

All other services are standard-rated however. This includes:

- the installation of goods that are not building materials, such as carpets or fitted bedroom furniture;
- the erection and dismantling of scaffolding;
- the hire of goods
- landscaping; and
- the provision of professional services, such as those provided by architects, surveyors, consultants and supervisors.

Building materials/ Goods

You will note from the above that goods that are not building materials cannot be reduced rated.

However, you may be surprised at what is classed as building materials.

Section 13 of the notice defines building materials as articles that meet all of the following conditions;

- The articles are 'incorporated' in the building (or its site)
- The articles are 'ordinarily' incorporated by builders into that type of construction
- Other than kitchen furniture, the articles are not finished or prefabricated furniture, or materials for the construction of fitted furniture
- Other than certain exceptions, the articles are not electrical or gas appliances
- The articles are not carpets or carpeting materials (please note: other forms of flooring or floor covering, such as linoleum, ceramic tiles, parquet and wooden floor systems are building materials).

The section states that building materials are 'incorporated' in a building (or its site) when the article is fixed in such a way that its' fixing or removal would either:

- require the use of tools, or
- result in either the need for remedial work to the fabric of the building (or its site), or substantial damage to the goods themselves.

It goes on to give the following list of items listed below as examples of what is accepted as being 'ordinarily' incorporated in a building (or its site):

- Air conditioning
- Bathroom accessories, such as fixed towel rails, toilet roll holders, soap dishes, etc.
- Building materials that make up the fabric of the property (for example, bricks, cement, tiles, timber, etc.)
- Burglar alarms
- Curtain poles and rails
- Decorating materials
- Doors
- Dust extractors and filters (including built-in vacuum cleaners)
- Fencing permanently erected around the boundary of the dwelling
- Fireplaces and surrounds
- Fire alarms
- Fitted kitchen furniture
- Flooring materials (other than carpets and carpet tiles)
- Gas and electrical appliances when wired-in or plumbed-in that are:

- designed to heat space or water (including cookers designed to have a dual purpose (to heat the room or the building's water), or
- designed to provide ventilation, air cooling or purification, or dust extraction

- Guttering
- Heating systems
- Immersion heaters, boilers, hot and cold water tanks
- Letter boxes
- Lifts and hoists
- Light fittings (including chandeliers and outside lights)
- Plumbing installations, including electric showers and 'in line' water softeners
- Power points (including combination shaver points)
- Sanitary ware
- Saunas
- Shower units
- Smoke detectors
- Solar panels
- Solid fuel cookers and oil-fired boilers
- Turf
- Plants and trees (to the extent that they are detailed on a landscaping scheme approved by planning permission)
- TV aerials and satellite dishes
- Ventilation equipment (including cooker hoods)
- Window frames and glazing
- Wiring (including power circuits and computer, phone and TV cabling).

Additional information & claim forms

You can obtain copies of notice 708 at

<https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction/vat-notice-708-buildings-and-construction>

or via the HMRC at: www.gov.uk/

You can also obtain detailed advice from HM Revenue & Customs by phoning the HMRC T: 0300 200 3700, but **please note** as contractors apply reduced rate VAT themselves, rather than it being something that members of the public claim back from HMRC, it is possible that HMRC operatives may be unable to help or provide full information.

We therefore recommend that you also ask any contractor you are using, or considering using, to clarify what rate of VAT they will be charging you, and that you obtain specialist VAT advice if you are unsure of the rate of VAT that you should expect to pay on services and goods.

Contact the Scottish Empty Homes Partnership

You can contact the Scottish Empty Homes Partnership to discuss the information in this leaflet and Notice 708. To do this, please contact the Empty Homes Adviser at;

Email: emptyhomes@shelter.org.uk or

Telephone: 0344 515 1941

Contact your local Empty Homes Officer

For further information and referrals, please contact your Empty Homes Officer:

Karen Rae: 0141 618 6262 or

email: HousingStrategyQuality.hps@renfrewshire.gov.uk

Details of all current Empty Homes Officers can be found at:

https://scotland.shelter.org.uk/empty_homes/empty_homes_advice_service

**RENOVATING YOUR EMPTY HOME
VAT DISCOUNTS FOR 10 YEARS
EMPTY RESIDENTIAL PROPERTIES**



ABOUT THIS LEAFLET

Are you renovating, or considering renovating, an empty residential property?

Has the property been empty for 10 years or more?

Is the property going to be used for residential purposes by yourself, your family or your relatives (either as a family home or holiday property)?

If the answer to each of these questions is Yes, then this information leaflet is for you.

The leaflet explains how VAT is charged on building materials, goods and services used in the repair and renovation of long term empty properties. *It is important to read this leaflet in full as you may be entitled to pay zero VAT on most of these.*

The leaflet summarises key information in;

VAT form 431c and Notes: VAT Refunds for DIY Housebuilders; and

HM Revenue & Customs VAT Notice 708: Buildings and Construction;

It sets out;

What information you will need to provide to prove that your property has been empty for ten years or more;

What periods and types of occupation that may be excluded from the calculation of the ten years empty period;

What goods and services the exemptions apply to;

How to claim your VAT refunds;

Time limits for claiming VAT refunds (three months from completion of works) and;

Other discounted rate VAT products and services that may be available to you.

The leaflet is a guide that hopefully makes the official form and guides easier to follow and to understand. However, you are still advised to get independent specialist VAT advice if you are unsure about what VAT you should expect to pay, or how to claim back VAT you have paid, after you have

Summary

If you are bringing a residential property that has been empty for more than ten years back into use as a dwelling, you may be eligible for zero-rated VAT on building materials you have purchased and on the services of conversion.

This is because VAT rules that apply to the conversion of a non-residential property into a dwelling also apply to residential properties that have been empty for ten years or more.

Your eligibility for zero-rated VAT, and how to claim it, will depend on what you intend to use the property for after renovation.

The information in this leaflet is primarily aimed at people who intend to bring the property back into use **for it to be used, either by themselves or their relatives, as a family home for residential or holiday purposes.**

If you intend to **sell or let or use** the property **for any business purpose** (this includes properties that you intend to use for both business and residential purposes i.e if you are self-employed and the home is also your main office address), please **see the sections at the end of this form** which will give you information on where to find out about VAT exemptions that may apply to you.

We have attempted to set out information on what discounts and exemptions may be available, and how to claim them, in as straightforward a way as possible, way as a possible. However, the leaflet is a summary document and we would advise you to seek specialist VAT or accountancy advice if you remain unsure about either eligibility for discounts and exemptions, or whether suppliers have charged VAT at the correct rate for your project.

Establishing if a property has been empty for 10 years – Points to note

HMRC will require evidence to prove that the property has been empty for ten years or more. This can usually be obtained from the Empty Homes Officer, in the form of a letter documenting the last date of occupation of the property. More information about this is included later in this leaflet.

VAT Notice 708: Buildings and Construction provides further information on what is and is not included by HMRC when establishing whether a residential property has been empty for 10 years.

The main points from the notice are summarised below;

Occupation excluded from calculation of 10-year period

In accordance with **5.3.4 of Notice 708**, when considering when a dwelling was last lived in you can ignore any:

- illegal occupation by squatters;
- occupation by 'guardians'; and
- use that is not residential in nature, such as storage for a business.

The notice defines a 'guardian' as;

'A person who is installed in a property by the owner or on behalf of the owner to deter squatters and vandals. He or she may pay a low rent on terms that fall short of a formal tenancy. Alternatively, he or she may be paid to occupy the property.

A 'guardian' is to be distinguished from a caretaker or housekeeper who lives permanently in the property. Property occupied by a caretaker or housekeeper is likely to be furnished throughout.'

Occupation included in calculation of 10-year period

5.3.4 of Notice 708 states that;

- if the dwelling has been lived in on an occasional basis (for example, because it was a second home) in the ten years immediately before you start your work you cannot zero-rate your supply.

This means that if the property you are renovating was a second home, it is important that you establish whether it has been lived in at any time during this period, and note that this may mean that you are not eligible for VAT exemption.

In these instances, you may however, be eligible for a discounted rate of VAT where the property has been empty for over 2 years (please see our leaflet: **Renovating your empty home: VAT discounts for 2 years** for further information.)

Although this leaflet is intended for people looking to renovate residential properties, rather than non-residential properties, it is worth noting that in some instances the use of non-residential buildings may lead to them being classed as residential. This may affect your entitlement to zero-rated VAT.

6.3.1 of Notice 708 sets out a list of such instances. These include;

- public houses and shops where any private living accommodation for the landlord, owner, manager or staff is not self-contained - normally because part of the living accommodation, such as the kitchen, is contained within the commercial areas rather than the private areas.

If the property you are renovating has had a use that was not 'residential in nature' during the last ten years, and the use falls into the category covered by 6.3.1 you

should not assume that the use has not been residential in nature. The same may apply to any other non-residential use.

If you are in any doubt, the starting point should always be to establish whether anyone has lived in the property, other than squatters or guardians, during the last ten years. If they have, you should seek professional advice on whether this is included or excluded from calculations of when the property was last lived in. For more detailed information of conversion of non-residential properties please see our leaflet: **Renovating and converting non-residential properties: VAT discounts.**

A final, important, point to note in relation to what is and is not included in calculating the 10-year period is included in Note 11 to **VAT form 431c: VAT Refunds for DIY Housebuilders**. This note states;

- The 10-year rule requires that the building has not been lived in for at least 10 years before the work started. This means that you cannot live in the building at any time before the work starts as this will be counted as falling within the 10-year period.

Therefore, **do not move into the property before you start work on it.**

What you can and can't claim for

The notes to form 431c sets out list of goods and services that you can claim for. The notes go on to include similar, smaller, lists of goods and services you cannot claim for.

These are indicative, rather than exhaustive, lists, and are designed to give you a broad indication of what is exempt from VAT. However, it may still be advisable to check whether a good or service is eligible for zero rated VAT if you cannot see it on either list.

In addition to goods and services that cannot be claimed for, the form also sets out a list of building types where goods and services are not eligible for zero-rated VAT. These are set out at the end of this section of this leaflet and at Note 19 of form 431c.

Goods and materials that can be claimed for

Section 3 of the notes to form 431c notes six conditions that goods must meet in order for you to be able to claim VAT refunds for them. These are that;

- The articles are 'incorporated' in the building (or its site)
- The articles are incorporated 'in the course of the construction' of the building
- The articles are 'ordinarily' incorporated by builders into that type of construction

- Other than kitchen furniture, the articles are not finished or prefabricated furniture, or materials for the construction of fitted furniture
- Other than certain exceptions, the articles are not electrical or gas appliances
- The articles are not carpets or carpeting materials.

The section states that building materials are 'incorporated' in a building (or its site) when the article is fixed in such a way that its' fixing or removal would either:

- require the use of tools, or
- result in either the need for remedial work to the fabric of the building (or its site), or substantial damage to the goods themselves.

It goes on to give the following list of items listed below as examples of what is accepted as being 'ordinarily' incorporated in a building (or its site):

- Air conditioning
- Bathroom accessories, such as fixed towel rails, toilet roll holders, soap dishes, etc.
- Building materials that make up the fabric of the property (for example, bricks, cement, tiles, timber, etc.)
- Burglar alarms
- Curtain poles and rails
- Decorating materials
- Doors
- Dust extractors and filters (including built-in vacuum cleaners)
- Fencing permanently erected around the boundary of the dwelling
- Fireplaces and surrounds
- Fire alarms
- Fitted kitchen furniture
- Flooring materials (other than carpets and carpet tiles)
- Gas and electrical appliances when wired-in or plumbed-in that are:
 - designed to heat space or water (including cookers designed to have a dual purpose (to heat the room or the building's water), or
 - designed to provide ventilation, air cooling or purification, or dust extraction
- Guttering
- Heating systems
- Immersion heaters, boilers, hot and cold water tanks
- Letter boxes
- Lifts and hoists
- Light fittings (including chandeliers and outside lights)
- Plumbing installations, including electric showers and 'in line' water softeners

- Power points (including combination shaver points)
- Sanitary ware
- Saunas
- Shower units
- Smoke detectors
- Solar panels
- Solid fuel cookers and oil-fired boilers
- Turf
- Plants and trees (to the extent that they are detailed on a landscaping scheme approved by planning permission)
- TV aerials and satellite dishes
- Ventilation equipment (including cooker hoods)
- Window frames and glazing
- Wiring (including power circuits and computer, phone and TV cabling).

Goods that you cannot claim for

Examples of goods that are not classed as being 'incorporated' in a building or its site (and therefore not eligible for zero rated VAT) are listed as:

- Agas/range cookers unless they are solid fuel, oil-fired or designed to heat space or water (to be classified as such they must be fitted to a heating module or boiler)
- Free-standing and integrated appliances such as: cookers, fridges, freezers, dishwashers, microwaves, washing machines, dryers, coffee machines
- Audio equipment, (including remote controls) built-in speakers, intelligent lighting systems, satellite boxes, freeview boxes, CCTV, telephones
- Consumables (for example, sandpaper, white spirit)
- Electrical components for garage doors and gates (including remote controls)
- Bedroom furniture (other than basic wardrobes which meet all four criteria set out in 13.5.2 of Notice 708) bathroom furniture (for example, vanity units, free-standing units)
- Curtains, blinds, carpets (unless they are integral, that is, blinds inside sealed double-glazed windows)
- Garden furniture, ornaments and sheds

Services that can be claimed for

The following are listed in the notes to form 431c as services you can claim VAT refunds for;

- Works to the fabric of the building.
- Works closely connected to the above works, such as works in the grounds, for example, laying drains.

Services that cannot be claimed for

The services the form lists as being ineligible for zero rated VAT are;

- Professional and supervisory services, including the fees of architects and surveyors, and other fees for management, consultancy, design and planning,
- The hire of plant, tools and equipment (such as generators, scaffolding, skips, temporary fencing)
- Haulage (including muckaway)
- Separate invoices for transport and delivery.

The Notes advise that for further information on what you can or cannot claim for you should go to www.hmrc.gov.uk or contact the VAT helpline on 0300 200 3700

Buildings where goods and services are ineligible for zero-rated VAT

Point 19 of the notes advises that;

- in general, a claim cannot be made for any work that has been carried out on other buildings within the site as these do not form part of the eligible building work. This means you cannot claim VAT back on materials and services incurred on the construction/conversion of:
 - Rooms above or attached to a detached garage
 - Detached workshops or store rooms
 - Sheds
 - Stables
 - Detached swimming pools
 - Annexes (such as 'granny' annexes) – that cannot be disposed of or used separately from another dwelling because the annexe is not 'designed as a dwelling' in its own right.

The notes advise that the only outbuilding that can be counted as part of an eligible building project is a garage, providing:

- It is constructed or converted at the same time as the building
- It is intended to be used at the same time as the building

Reduced-rated VAT – deductions made at point of purchase/payment

It is important to note that most conversion services are reduced-rated. What this means is that suppliers are able to apply a reduced rate of VAT at the time when they invoice you for the services. The reduced rate of VAT is 5% whereas standard VAT is payable at 20%.

If suppliers incorrectly charge standard rate for a service that should be provided at reduced rate, you cannot claim the overpayment back from HMRC. Instead you must claim this back from the supplier at the earliest possible opportunity.

If you are still in the process of converting the property, you should take the approach that prevention is better than cure and ensure that suppliers charge the correct rate of VAT from the beginning.

If goods and services have already been provided we would advise you to check whether it was charged at the correct rate before submitting the claim and going back to the supplier where it appears that it wasn't.

You should do this promptly, remembering that the three months allowed to claim VAT from HMRC (see Claiming your VAT below) will not be extended where you are waiting to hear back from a supplier.

How to find out whether a service should be provided at reduced-rate VAT

In establishing what services suppliers should, and should not, apply each VAT rate to, the notes to Form 431c give some guidance.

The notes state that

- 'works to the fabric of the building' can be supplied at the reduced rate of VAT; while
- 'works closely connected to the above works, such as works in the grounds, for example, laying drains' can be supplied either at the standard rate or the reduced rate of VAT.

Page 3 of the notes adds;

- 'Supply-only materials that you buy from a retailer will have VAT charged at the standard rate.
- Two rates of VAT may apply to the costs of services supplied to you by a VAT-registered builder or contractor. These will either be a standard rate, or a reduced rate.
- Eligible building materials that a business both supplies and installs follow the same VAT liability as the service. This means that if the service is reduced-rated then the building materials will be too.'

While this information is a useful starting point, it should be read in conjunction with Notice 708: Buildings and construction which provides further, more detailed, information on this topic. You may also wish to refer your builders to this form to ensure that they understand the reduced VAT rate rules so that they invoice you correctly.

Claiming your VAT

You can claim back VAT that has been charged at the correct rate by completing the DIY Housebuilders Scheme Claim form 431C referred to in this guide after all of the work you will be claiming for is completed.

It is important to note that there is a time limit for making a claim. A claim must be made within 3 months

of receiving your completion certificate, and you should send the completion certificate with your claim form.

In addition to your completion certificate, if the works have required planning permission or a building warrant, you must also submit copies of the relevant consents and approved drawings.

You should also be aware from the outset that the form asks for detailed information on the works carried out and requires you to submit the receipts for all the goods and services for which you are claiming.

It is therefore very important that you keep track of payments for all the eligible goods and services: to claim the refund you need to have copies of all the receipts, and all invoices must be made out to the same name.

Evidence from Empty Homes Officer to be submitted with your claim

When submitting your claim, you must also provide evidence that no-one has lived in the property for 10 years or more. Evidence for this can be obtained from the Empty Homes Officer, in the form of a letter documenting the last date of occupation of the property.

However, please do not leave this until the last minute. The Empty Homes Officer may not have this information readily to hand and they may need to make further enquiries, for example with utility companies or through Electoral Roll data searches.

These can take time, therefore, please **do not wait until you receive your completion certificate before asking**, and definitely don't leave it till you are ready to submit your claim.

Property purchased to rent out

If you are planning to rent the refurbished property you will not be eligible to claim zero-rated VAT under the 10-year rule. You may however be eligible to pay VAT at 5% under rules that apply to properties that have been empty for more than 2 years. Our leaflet on VAT discounts for Refurbishing Empty Homes to rent has information on discounts you may be eligible for and how to claim them.

Property purchased for sale

If you plan to sell the property, you will not be able to use form 431c. However, at the point of sale you may be entitled to register for VAT and then to recover some or all of the VAT incurred on the costs of the project under the provisions in VAT Form 708.

For further information on this please read form 708 and/or contact the HMRC helpline on 0300 200 3700.

Additional information & claim forms

You can obtain detailed advice from HR Revenue & Customs by phoning the HMRC T: 0300 200 3700

Or contacting the HRMC at: www.gov.uk/

or

<https://www.gov.uk/government/publications/vat-notice-708-buildings-and-construction/vat-notice-708-buildings-and-construction>

<https://www.gov.uk/government/publications/vat-refunds-for-diy-housebuilders-claim-form-and-notes-for-conversions-vat431c>

It is recommended that you obtain professional financial advice prior to starting any work.

Contact the Scottish Empty Homes Partnership

You can contact the Scottish Empty Homes Partnership to discuss any of the above options. The Empty Homes Adviser can give you more information about how your local council may be able to help you.

- Email: emptyhomes@shelter.org.uk
- Telephone: 0344 515 1941

Contact your local Empty Homes Officer

Many of the 32 Scottish Local Authorities have dedicated Empty Homes Officer's who will also be able to provide you with advice and information and can also provide you with the proof that HMRC will require to establish that the property you're repairing or renovating has been vacant for 10 years or more.

For further information and referrals, please contact your Empty Homes Officer:

Karen Rae: 0141 618 6262 or
email: HousingStrategyQuality.hps@renfrewshire.gov.uk

Details of all current Empty Homes Officers can be found at:

https://scotland.shelter.org.uk/empty_homes/empty_homes_advice_service

EMPTY PROPERTY MATCHMAKER SCHEME



Would you like to buy an empty property?

Are you considering selling your empty home?

If so, then a **Property Matchmaker** may be just what you need.

What is a Matchmaker Scheme?

The Property Matchmaker is a 'dating agency' for empty homes: it aims to match empty property home owners who are trying to sell or who are thinking about selling with people who want to buy an empty property.

There are Matchmaker schemes running on a voluntary basis in various local authorities in Scotland. This can provide help to sell or buy empty properties in participating areas.

How the scheme works

The Matchmaker Scheme is a FREE service. Each of the participating local authorities holds two lists; one of potential buyers and one of owners interested in selling their empty property. These contain information relating to the property type, location, approximate purchase price and condition.

When the Empty Homes Officer spots a 'match' between an empty home for sale and a buyer's requirements, the empty home owner and the buyer will receive each other's details to follow-up.

Selling an empty home

Not all empty home owners have the time or financial resources to return their property to use, and sometimes the best solution is to sell the property to someone who can.

Whether your empty home needs repair or is 'ready-to-move-in' you are welcome to join the scheme.

Benefits for owners

- It is a FREE service
- Your home will be matched up with people who specifically want to purchase an empty property.
- It can help you find a buyer if you've been having difficulty selling or the home is in poor condition.
- It is a way of exploring your options if you've been thinking about selling but haven't made up your mind.

Buying an empty home

If you are interested in purchasing an empty home, the Property Matchmaker can help you find the property (or properties) that are right for you. You can also let us know if there is a particular empty property that you are interested in purchasing and we can pass your contact details onto the owner. The scheme aims to provide the best solution for both the seller and buyer. Acceptable conduct and offers are expected in the spirit of the scheme.

Benefits for buyers

- It is a FREE service
- An empty home needing repair can give people on a lower budget the opportunity to buy at a more affordable price, and can be an affordable opportunity to personalise the property to meet the buyer's particular requirements and taste.
- There are a wide range of empty home types, ranging from modern to historic, move-in condition to do-er uppers, large to small, and rural to urban.

Find out if there is a Matchmaker Scheme in your area

Contact your Empty Homes Officer to request a seller or buyer registration form.

Email:

HousingStrategyQuality.hps@renfrewshire.gov.uk

Telephone: Karen Rae 0141 618 6262

Disclaimers

1. The Property Matchmaker scheme is not an estate agency and the Council is not acting as an agent for any party: all negotiations and sales processes take place between the seller and buyer. We strongly recommend that anyone seeking to sell their property obtains independent professional valuation and legal advice from a solicitor or estate agent.
2. It is a legal requirement in Scotland for any property which is on the market to have a Home Report. Owners who are considering selling but have not yet taken the step of getting a home report may register with the scheme, however should not enter into any negotiations with potential purchasers until a Home Report is acquired.

RENTING YOUR EMPTY PROPERTY



Becoming a landlord

If you are thinking of becoming a landlord, you will need to make sure that your property is fit for to live in, meeting the [Tolerable Standard](#).

A rented property must meet is the [Repairing Standard](#).

You will need to apply to register as a landlord with Landlord Registration Scotland. Landlord registration is a system that helps councils monitor private landlords and ensure that they are suitable people to let out property. Before any person or agency is registered, the council will have to check that the applicant is a fit and proper person to let property.

The registration scheme is set by the Scottish Government and managed by each Local Authority

You can apply directly on the Landlord Registration Scotland website:

<https://www.landlordregistrationscotland.gov.uk/>

You can also contact your local council to request a paper application.

You can choose to manage the property yourself, or to go through a lettings company.

The Council's Private Sector Housing team provides guidance and support to landlords at all stages of the process of renting your property, and can help you to register as a landlord and to ensure your property meets the legal requirements.

They can also meet with you to talk you through the things you would need to think about if you chose to become a landlord, to help you decide if this would be an appropriate option for you.

Renting Scotland

<https://rentingscotland.org/>

Renting Scotland is an industry-wide information hub for both tenants and landlords in the private rented sector in Scotland.

You can find information about your legal requirements
Topics covered are as follows:

Renting our property out

From talking to your lender through to preparing your property and showing new tenants around, this guide will cover the checks and responsibilities you'll need to factor in.

Starting a tenancy as a landlord

Step by step guide for renting your property out – what you need to do for every new tenancy.

Tenancy Deposit

A deposit is a sum of money usually paid at the start of the tenancy which acts as guarantee against damage to the property and unpaid bills. Renting Scotland provides all you need to know about deposits from what can be deducted from your deposit to the requirements of the tenancy deposit schemes.

Dealing with disputes with tenants

A guide to help you deal with and avoid disputes with your tenants. Combines best practice and your responsibilities as a landlord.

Dealing with antisocial behaviour as a landlord

Check what you can do to stop antisocial behaviour by your tenants and their visitors.

Ending a tenancy as a landlord

Whatever the reason for the tenancy ending, you have to follow certain processes and your tenants have rights, so be aware of what you need to do.

Choosing a letting agent as a landlord

Get tips on choosing a letting agent if you have a property you want to rent out in Scotland.

Download the Tenant Information Pack for Free

The Tenant Information Pack provides important information to tenants who rent their homes privately. From 1 May 2013, landlords have a legal duty to provide new tenants with this pack.

Finding a tenant

There are a number of ways you can find a tenant for your property:

Doing it yourself

You can find a tenant yourself through advertising in a local paper, local shop advertisement boards, Hospital or Education notice boards or online sites such as Gumtree (www.gumtree.com).

Through a Letting Agency

A lettings agent will be able to market your property, find a tenant, and deal with the contracts. If you wish they will also be able to manage the property on your behalf.

Lettings companies will charge a fee for their services, ranging from a flat rate for finding a tenant and arranging a contract through to a percentage of the rental income for comprehensive property management.

Don't go with the first letting agency you find: shop around. Make sure any agency you choose is a member of the **Association of Residential Letting Agents (ARLA)** <http://www.arla.co.uk/scotland/>

or accredited by the **National Approved Letting Scheme (NALS)**: <http://www.nalscheme.co.uk/>

or **Landlord Accreditation Scotland**:
<http://www.landlordaccreditationscotland.com/>

or the **Council of Letting Agents** :
<http://www.counciloflettingagents.com/>

Make sure that the agent is registered with the council on the **Landlord Registration Scheme**:
<http://www.counciloflettingagents.com/>

You can find letting agencies listed in the [Yellow Pages](#) and on the NALS website. You can find letting agencies in your area on the Citylets, s1homes or Zoopla websites.

Deposit guarantee schemes

You could also consider renting your property through your local deposit guarantee scheme. These schemes provide deposits for tenants who don't have the savings to pay for a deposit upfront. The schemes only take suitable tenants who receive a referral from the Council or other appropriate organisation.

When a new property joins the scheme, a number of potential tenants are matched to the property and viewings are arranged where the landlord can meet the potential tenants. The decision on who to rent the property to is made by the landlord.

The benefit of the scheme for landlords is that the database of tenants and the matching process increase the likelihood of finding a tenant quickly.

Deposit guarantee schemes also support the landlord by helping to set an appropriate rent, checking documentation and lease agreements, helping to arrange the move-in, and carrying out property inspections at regular periods.

Council support

Some Councils offer additional support in the form of projects such as websites publicising property for rent, or a Private Sector Leasing scheme.

Setting the rent

The amount of rent you can charge for your property will depend on the size, location and condition of the property – if you choose to rent through your local deposit guarantee scheme or a lettings agent, and they will be able to advise you on setting an appropriate rent.

You may also find it useful to research average rental prices in your area. The **Rent Right** website has a Residential Rental Price Index that can provide a breakdown of average rental prices in your area (www.rentright.co.uk/)

This data is based only on property data from the Rent Right website, so is unlikely to be totally accurate, however it could be a useful starting point in working out how much rent you could get from your property.

Contact your Empty Homes Officer

For further information and referrals, please contact your Empty Homes Officer:

Karen Rae 0141 618 6262 or email:

HousingStrategyQuality.hps@renfrewshire.gov.uk