

# Reminders and updates on VAT



## Zero VAT on property transfers

The VAT-efficient transfer of investment properties, whether a single tenanted building or a property portfolio, can be complex and involved.

However, if structured correctly, an arrangement known as a transfer of a going concern (TOGC) can exclude VAT from the selling and purchase price and reduce stamp duty land tax liabilities. Every situation is unique, but the most relevant qualifying TOGC conditions are:

- The vendor must operate a property letting business and have a tenant in situ (or lined up for occupation).
- The purchaser must operate the same type of business as the vendor, ie property letting, and will do so with no break in the business.
- Where the vendor is VAT-registered, the purchaser must also be VAT-registered or, as a consequence of the purchase, must register for VAT.
- If the vendor has opted to tax the property (or it is a commercial freehold that is less than three years old), the purchaser must opt to tax and notify HMRC before the sale is completed.
- The purchaser must confirm that the option to tax will not be disapplied for any reason. Particular attention needs to be paid to the anti-avoidance provisions that disapply an option to tax where there is an exempt use of the property by a connected party.

TOGC is a complex area so talking to a VAT specialist with TOGC experience will help you ensure that all conditions are met. Contact the Shipleys VAT team at [vat@shipleys.com](mailto:vat@shipleys.com) or by calling one of the Shipleys offices.

## HMRC delays

HMRC's VAT teams across the UK are still operating with significant work backlogs, despite assurances that these would be cleared by the end of April.

In such circumstances, it's more important than ever to get expert advice to ensure there are no mistakes in any VAT information your business submits, which could exacerbate delays.