

## Would you like to pay less VAT on your rent?

If you pay VAT on rent for your premises and you cannot get all of this back from HMRC because your business is VAT exempt, partially exempt, or you are not VAT registered, then it could pay to have a word with your landlord.

VAT is charged on commercial property rents if the owner has previously agreed to do so with HMRC in order that it could recover VAT on its costs. Once made, such 'option to tax' elections stay in place for 20 years. The first time such elections could be made was in August 1989, so it may be possible now for the landlord to revoke the option to tax so saving you VAT. You might have to pay some extra rent to make it worth the landlord's while, but if the facts fit then both landlord and tenant could be better off.

A similar advantage is possible on a sale and purchase of commercial property, with the added bonus of a saving in SDLT which can be worthwhile in many more cases.

Tax is complicated, so please always seek specific advice.

Useful links are:

[HMRC VAT Notice 742A](#)

[HMRC: VAT helpline](#)

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The information contained on these web pages is for general guidance only and is in no way a substitute for seeking professional advice on your specific circumstances.