

VAT and Disabled Access

by
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In many situations providing equipment or services for the purposes of the disabled can be zero rated for VAT. For charities, such as Housing Associations, who do not have the capability of claiming back VAT, this knowledge can directly reduce the cost of capital expenditure.

The facilities to zero rate disabled goods and services has been in place since 1994. With the Disabled Discrimination Act, (DDA) coming into full force by 2004 the purchase of disabled access equipment is likely to increase and charities can benefit.

Goods and services relevant to the lift industry are as follows:

- Adaption of existing lifts to meet disabled users access needs.
- Supply of lifts, platforms and chair lifts
- Repair and maintenance of lifts

Goods and services are eligible for zero rating where they are provided to an individual or series of individuals who are classed as disabled persons.

An ordinary vertical lift can be zero rated if the lift is installed in a private residence or for a Housing Association where a lift provided is for the purposes of facilitating movement of disabled persons between floors.

VAT relief is not available for a general needs accommodation where the lift is not solely designed for specific disabled residences. VAT relief is also not applicable for the supply of goods or services associated with a business.

It is recommended that the lift supplier obtains a written declaration from the charity stating that the goods or services are supplied for the specific need of disabled residences within a building. An example pro-forma declaration is given in HM Customs and Excise Notice 701/7

The meaning of designed for sole use by disabled persons means that it is the intention of the designer to supply the goods or services solely for the need of disabled persons.

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Michael Berry is the Managing Director of Elevate Consulting Ltd, specialist Lift and Escalator Consulting Engineers. A Chartered Engineer, he is a member of the Chartered Institute of Mechanical Engineers and a active member of the Chartered Institute of Building Services Engineers.

He joined Elevate Consulting Ltd in June 2002 and is responsible for all Vertical Transportation projects. These projects cover a full range from survey and maintenance related work through to the design and supervision of new and refurbishment lift and escalators schemes.

Michael provides advice to commercial, retail, and social housing clients on maintenance strategy and gaining "best value". He specialises in all types of vertical transportation including lifts, escalators and travelators, permanent access equipment and disabled access products.

He is one of a limited number of Chartered Engineers in the field of Lifts and Escalators and as such acts as an "expert witness" on Vertical Transportation issues.



Where goods are supplied zero rated for VAT the maintenance and repair of the disabled product can also be zero rated.

Any necessary building and construction work associated with a qualifying disabled product can also be zero rated. This could be as simple as applying a ramp to a building or more comprehensive construction of a liftwell for a new passenger lift.

Examples:

With the need to make all buildings accessible to the disabled by the by 2004, as directed by the Disabled Discrimination Act, modifications to an existing lift specifically and solely for the purposes of the disabled are eligible.

1. Supply of a home lift specifically for a disabled person.
2. The addition of a passenger lift specifically for disabled access in locations that are specifically occupied by disabled person.
3. The addition of a lift to a building for the sole use of disabled persons

Charities such as Housing Associations do not need to claim a refund rather have the goods or services zero rated for VAT at source. The zero rating should be agreed with the lift company prior to the contract being put in place.

The lift company is responsible for deciding whether VAT is applicable or not. It is not in the interest

of the lift supplier to go through this process as it can complicate their accounting system. The lift consultant working with the Housing Association can help with this process.

If there is any doubt on whether goods or services are eligible for zero rating the lift contractor can gain written confirmation from HM Custom and Excise.

Further information is available from HM Customs and Excise Notice 701/7 August 2002.

Any advice in this article is based on current notices by the Customs and Excise and can be subject to change at a later date.

Zero rating needs to be confirmed by both the purchaser and lift contractor. □