Bringing empty properties back into use can be costly, particularly when extensive renovations are required. To help reduce these costs, the Government has introduced a number of changes to the amount of VAT payable on renovation costs to long-term empty buildings.

If you are intending to renovate an empty property it is important that you understand these changes, as it is quite common for builders not to know about different VAT rates. This could lead to you being charged the standard rate of 20%, even if you are eligible for a reduction. Once paid it can be difficult to reclaim overpaid VAT.

The guide below provides an overview of circumstances in which you may be eligible for a VAT reduction when renovating empty properties. Please note, this guide is not comprehensive and should not be taken as a guarantee. Any claims to VAT reduction/exemption should be verified with HMRC, and/or confirmed through reference to HMRC Notice 708 and/or HMRC Notice 431C.

**VAT Reduction: renovating houses empty for a minimum of two years**

- Costs of renovation and alteration work to residential premises that have been empty for at least two years can be eligible for a VAT rate reduced to 5%. This equates to a reduction of 15%, from the 20% standard rate normally applicable.
- Contractors should ensure they are fully aware of tax rules when they are purchasing goods/services. Only certain goods/services are considered eligible for this VAT reduction (HMRC Notice 708, Section 8.4).
- For further details refer to HMRC Notice 708.

**VAT Exemption: renovating houses empty for minimum of ten years**

- Renovation and alteration work to residential properties that have been empty for at least ten years can be eligible for a VAT reduced rate of 0%.
- Your eligibility is partially conditional on using the renovated property for residential purposes for either yourself or your family. It is not possible to live in the property directly before beginning renovation work.
- Further information can be found through reference to HMRC Notice VAT431C and HMRC Notice 708.

**VAT Exemption: conversion of properties to residential purposes**

- When converting a non-residential property to residential purposes you may be eligible for a VAT rate of 0%.
- A conversion in this case is defined as converting a non-residential building that has never been used for residential purposes into a residential home.
- Your eligibility is partially conditional on using the converted property for residential purposes for either yourself or your family.
- Further information can be found through reference to HMRC Notice VAT431C and HMRC Notice 708.

I think I may be eligible, what do I do now?

If you believe you may be eligible for a VAT reduction/exemption (on any works you will be undertaking to bring an empty property back to residential use) then contact HMRC through the following details:

📞 0300 200 3700 (Mon-Fri, 08:00-18:00)  🌐 https://www.gov.uk/topic/business-tax/vat

Once HMRC confirm your eligibility, contact Gwynedd Council Empty Homes Team to request proof that the property has been empty for the required period:

📞 0134 142 4371 (Mon-Fri, 09:00-17:00)  📧 taigwag@gwynedd.llyw.cymru