

## Do you need a 5% VAT certificate for construction work?

In the UK, the standard rate of VAT for most building services is 20%. However, a reduced 5% VAT rate can be charged for certain types of construction work, including:

- renovating a residential property that has been empty for more than 2 years.
- increasing the number of dwellings, such as converting a house into flats.
- converting a commercial building into a residential property.
- converting a house into an HMO (house in multiple occupation).

### How to apply 5% VAT

It is up to the builder/contractor to determine whether (and on what services) the 5% VAT rate can be applied. To apply the reduced 5% VAT rate to construction services, the supplier must first get proof that they have applied the rate correctly, based on the criteria listed above.

For example, council tax records can be used as proof that a residential property has been empty for more than 2 years. For conversions to residential property or increasing the number of dwellings, a copy of the planning permission or architect's plans can be used as proof.

### Do I need a 5% VAT certificate?

In the majority of cases, you do not need to obtain a certificate. As long as you have the required proof to support your claim, HMRC will be satisfied.

However, a 5% rate certificate is required when renovating or converting a "relevant residential building". This includes:

- an institution or home that provides residential accommodation for children.
- an institution or home that provides accommodation with personal care for persons in need of personal care.
- a hospice.
- residential accommodation for students.
- residential accommodation for members of any of the armed forces.
- a monastery, nunnery or similar establishment.
- an institution which is the sole or main residence of at least 90 per cent of its residents and will not be used as a hospital, prison or similar institution or a hotel, inn or similar establishment.
- a building that will be used solely for a relevant charitable purpose.

If your construction business undertakes works on one of these types of properties, you must obtain a certificate to apply the 5% rate.

### How to obtain a 5% VAT rate certificate

For zero-rated supplies, the property owner can issue a certificate. However, for the 5% rate certificate, the supplier completes the certificate once they have determined that the supply is eligible (and has proof of eligibility).

The supplier will need to download and complete the "[Zero-rated and reduced-rated building work certificate](#)" from the "VAT Notice 708" page on gov.uk.