

Charities and VAT – Building Projects Checklist (with Glossary)

Use this compact checklist to help your charity comply with VAT requirements for building projects. Tick off each item once complete.

- Define the project scope: new build, extension, conversion, or refurbishment.
- Confirm if the building is used solely for a Relevant Charitable Purpose (RCP).
- Determine whether zero-rating applies and obtain the correct VAT Certificate.
- Ensure your VAT Certificate to the contractor is valid and correctly completed.
- Verify contractor and subcontractor VAT registration status.
- Check if the Domestic Reverse Charge applies to your project.
- List all contract elements and determine their VAT treatment.
- Identify qualifying 'Building Materials' under VAT Notice 708.
- Review exempt supplies and assess partial exemption implications.
- Separate VAT-rated and zero-rated work in invoices.
- Record intended use and maintain supporting documentation.
- Include VAT implications in project budgeting.
- Monitor actual use post-completion for any change of use.
- Maintain VAT records and certificates for at least 6 years.
- Seek advice from Trueman Brown for complex or mixed-use projects.

For expert advice on charities and VAT, contact Trueman Brown:

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Glossary of Key Terms

Relevant Charitable Purpose (RCP)

Use of a building by a charity for non-business or village hall-type activities, including welfare, education, or religious use without commercial intent.

VAT Certificate

A signed declaration a charity provides to contractors confirming that work qualifies for zero-rating under VAT rules.

Domestic Reverse Charge

A VAT mechanism where the recipient, not the supplier, accounts for VAT on certain construction services within the Construction Industry Scheme (CIS).

Building Materials under VAT Notice 708

Items forming part of a building's structure (e.g., bricks, tiles, windows). Qualifying materials can be zero-rated; non-qualifying items (e.g., carpets, furniture) are standard-rated.