

Supply of garden sheds and similar pre-fabricated structures

This document should be read in conjunction with sections 2 and 46 of the Vat Consolidation Act 2010 (VATCA 2010)

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1. Introduction

Section 2 of the VAT Consolidation Act 2010 includes a definition of “development” and “building”. Therefore, the supply and installation of buildings or structures which are of the kind specified, is a development of land and therefore liable at the rate specified in section 46(1)(c), i.e. the reduced rate of VAT subject to “the two-thirds rule” (see below).

2. Structure intended to remain in situ on a “reasonably permanent” basis

The section was introduced to apply retrospectively to all relevant transactions from the commencement of VAT and effectively extended the provisions of section 46(1)(c) to include all supplies of prefabricated or demountable structures which are erected or constructed by or on behalf of the supplier on a site occupied by the customer which are intended to remain there on a reasonably permanent basis. The structures concerned are those designed for normal human access such as playhouses, tool sheds, greenhouses, and garden sheds generally. Included also are animal houses such as fowl houses, where designed for human access, but a structure not designed for human access, for example a dog kennel or a coal bunker would not be included. Patio type structures open on one or more sides are covered by the relief.

3. Completion of “declaration” of intent by customer(s)

It is necessary for the supplier to obtain from the customer in respect of each supply, and to retain, a written declaration of the customer’s intention to retain the structure on the site on which it is erected by the supplier. A ‘draft’ form of declaration is included below.

The requirement to obtain and retain a customer declaration applied from the passing of the Finance Act 1981. Its effect is to exclude certain transactions from the relief. For example, the supply and erection of a structure on the premises of a dealer for demonstration and for resale or in a builders yard, or in a Local Authority stores could not be the subject of a declaration in the terms required and would be liable at the rate specified in section 46(1)(a), i.e. the standard rate of VAT.

Draft customer declaration in relation to the supply of garden sheds and other similar prefabricated structures (Section 2 of the VAT Consolidation Act 2010).

Declaration

I _____ (name)

declare that I am the owner/tenant of a site at

_____ (address),

that I am the purchaser of a structure consisting of

(description - e.g. garden shed)

constructed on the said site on _____ (date)

(name of supplier),

and that I intend to retain the structure on the said site.

Signature

Name (Block Letters)

Date

4. Two-thirds rule

The “two-thirds rule” applies to all transactions in question. See section 41 of the VAT Consolidation Act 2010 and Tax Instruction (VAT) 5.2 in this regard.