

## **Supply of garden sheds and similar pre-fabricated structures**

This document should be read in conjunction with Section 2 and paragraph 15 of Schedule 3 to the VAT Consolidation Act 2010 (VATCA 2010)

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## Introduction

This guidance outlines the circumstances where the reduced rate of VAT can apply to the supply of structures such as garden sheds and similar pre-fabricated structures.

### 1. When can the reduced rate apply to the supply of garden sheds and similar pre-fabricated structures?

The reduced rate may apply to the provision and construction of certain types of structures<sup>1</sup> where the value of the movable goods supplied under the agreement for the provision of those services does not exceed the two-thirds rule (see paragraph 1.1 below).

The structures must be:

- erected or constructed by or on behalf of the supplier on a site occupied by the customer
- and
- intended to remain there on a reasonably permanent basis.

The structures must be designed for normal human access, such as

- playhouses
- tool sheds
- greenhouses
- garden sheds
- animal houses, such as fowl houses
- patio type structures open on one or more sides.

The supplier must obtain a declaration from the customer (see paragraph 3).

#### 1.1 Two-thirds rule

Where the nature of the structure and services being provided are such that they constitute services consisting of the development of immovable goods, the conditions of the “two-thirds” rule must be satisfied for the reduced rate of VAT to apply.

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<sup>1</sup> Prefabricated or demountable structures.

**Example 1**

A person enters into a contract to supply and install a garden shed, the nature of which is such that it satisfies the conditions outlined above so that it constitutes the development of immovable goods.

The consideration payable for this supply amounts to €1,200 of which €200 relates to the erection of the shed and the balance, €1,000, relates to the materials provided.

As the cost of the materials (€1,000) exceeds two-thirds of the total contract price ( $€1,200 \times 2/3 = €800$ ), the reduced rate of VAT would not apply to the supply and it would be chargeable to VAT at the standard rate.

**2. What structures are not included?**

The supply and erection of a structure on the premises of a dealer for demonstration and for resale, or in a builder's yard, or in a Local Authority stores, cannot avail of the reduced rate of VAT.

Structures that are not designed for human access, for example a dog kennel or a coal bunker would also not be included.

**3. Completion of "declaration" of intent by customer(s)**

The supplier must obtain and 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 set out in Appendix I.

## Appendix I

**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

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_