



Funding Guides



FUNDING GUIDE 15 : VAT & VAT Recovery Schemes

VAT and Church Projects:

The Value Added Tax Act 1994 provided help for charities by offering reduced-rate VAT on some goods and services and zero-rated VAT on others. These include:

- Reduced-rate is offered on
 - the supply to charities of fuel and power in buildings used by charities for non-business purposes
 - the supply to charities of energy saving materials plus their installation in buildings used by charities for non-business purposes
- Zero-rate is offered on
 - Construction of new buildings to be used solely for charitable purpose
 - Substantial reconstruction and approved alterations to a listed building
 - Supply to charities of aids for use by the disabled
- There are other categories not included here as it seems unlikely that they will be relevant to church projects

All or part of a project may qualify, but the VAT regulations are complicated and once VAT has been paid it cannot be refunded. Research needs to be done (by the architect in building projects) in advance of going out to tender and exemption certificates must be provided to contractors before relevant materials are purchased.

Help and advice from Her Majesty's Revenue and customs can be obtained on 0845 302 0203. VAT Notice 708 relates to alterations to buildings and VAT Notice 701/7 relates to aids for disabled people. Both of these and other notices can be viewed at <http://www.hmrc.gov.uk/>

On a cautionary note: if an exemption certificate is issued in error, VAT can be charged retrospectively, resulting in an unexpected and unwelcome bill months or years later.

LISTED PLACES OF WORSHIP GRANT SCHEME

In the context of a European Community review of the Directive covering VAT rates, the Government is pressing for a reduced VAT rate of 5% for repairs and maintenance to listed places of worship. In 2001, the Chancellor of the Exchequer introduced an interim grant scheme which returned in grant aid the difference between 5% and the actual amount spent on VAT on eligible repairs and maintenance to listed places of worship.

Since 1st April 2004, the scheme has refunded 100% of the VAT spent on eligible works carried out on and after 1 April 2004.

Since March 2006, professional fees and repair works to fixtures such as bells and organs relating to works carried out on and after 22nd March 2006 have been included. The scheme has now been extended until 2010-11.

The Scheme is overseen by the Department of Culture Media and Sport and administered by Liberata.

It has been a very successful scheme. Between 1 April 2001 and 31st December 2007, over **£68 million** has been paid out to places of worship across the UK, of which over **£55 million** has

gone to places of worship in England. Currently, just under **£1 million** is paid out every month in England.

Eligible works:

Works carried out to **repair or maintain** a **listed** building from any religion that is used principally as places of worship.

Eligible items are shown below:

<p>Building:</p> <ul style="list-style-type: none"> • Roof repairs • Chancel repairs • Vestry repairs • Tower repairs • Parapet repairs • Purlin repairs • Replastering • Repointing • Stonework repairs • Timber (fabric) repairs • Rainwater goods repairs • Guttering repairs • Window reglazing • Window grilles / bars • Transept repairs • Pinnacles repairs • Rhones repairs • Gable repairs • Drainage repairs (within the boundary walls) • Window repairs (or like for like replacement) • Floor repairs (actual floor / tiles only) <p>External</p> <ul style="list-style-type: none"> • Weathercock repairs / regilding • Spire repairs • Lightning conductor • Flagpole (only if on church) • Cross (only if on church) 	<p>General:</p> <ul style="list-style-type: none"> • Damp treatment • Pest control • Asbestos removal (where used as building material) • Lock / hinges • Stairs (like for like only) • Cleaning (if as a result of eligible works) • Preliminaries (for eligible works only) • Electrics and plumbing (only if EITHER temporary electrics / plumbing were installed to carry out eligible works OR electrics / plumbing in good working order were damaged whilst carrying out eligible works - in this instance only the damaged electrics / plumbing will be covered) • Bell frame, bells and ropes • Clocks (including face and mechanism) • Professional fees (including architects, surveyors, planning supervisors, health and safety advisors, archaeologists, professional fundraisers - all must relate to eligible repairs.) <p>Internal</p> <ul style="list-style-type: none"> • Door repairs • Altar repairs • Font repairs • Monument (if built into floor / walls) • Wall painting / murals (travel costs also eligible) • Pipe organ repairs (mechanism, casing, blowing plant, re-leathering. Also retuning and revoicing if following a repair) • Fitted pews (including upholstery, stripping, French polishing)
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Ineligible works:

Works costing less than £1,000

Ineligible items are listed below.

NB: Certain ineligible work becomes eligible if it is as a direct result of eligible work being carried out. For example rewiring lighting is not eligible but if the wiring had to be removed in order to repair the walls or roof then its restoration would be eligible.

<p>Internal:</p> <ul style="list-style-type: none"> • Floor covering • Monument (if detachable / fixed) • Handrails • Organs (alteration and relocation. Also revoicing and retuning if not following a repair) • Non-fixed pews • Pew cushions, kneelers and hassocks <p>External:</p> <ul style="list-style-type: none"> • Paving • Tree removal • Boundary walls • Railings • Lychgates 	<p>General:</p> <ul style="list-style-type: none"> • Electrical work • Plumbing • Storage of items • Materials alone (must be either incorporated into a VAT registered contractor's invoice, or be used by a VAT registered contractor for eligible works) • Disable access works • Bells (fitting of additional bells or any works that qualify for zero rate of VAT to be charged at source) • Professional fees (lawyers, solicitors, accountants. Also invalid if work is ineligible) • Clock (conversion to auto winding)
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How does it work?

A registered VAT contractor must carry out the eligible works and maintenance. A claim for VAT on materials can only be made when they are incorporated into the fabric by a registered VAT contractor.

Applications have to be made in arrears. Applications can be made for any eligible work carried out after the scheme began and even for work carried out before it began as long as it was paid for after the scheme began.

The Place of Worship has to complete an application form and attach supporting *original* invoices from the contractor/s certifying that the VAT has been paid. (You will need to photocopy all relevant invoices)

The application is made by the PCC and has to be signed and countersigned by two separate, authorised individuals in the organisation that has legal responsibility for the place of worship eg: the signatory might be the Treasurer, and the countersignatory might be the priest or minister.

It is then sent to Liberata, and payment once agreed, is made straight to the parish. The payment is automatic if the works fulfil the criteria.

For further information:

The application form can be downloaded from the website which also provides very clear guidance on how to complete the form.

☞ see Website: www.lpwscheme.org.uk/

Telephone Helpline: 0845 601 5945 or Email: nptcallcentreuk@liberata.com

Write to: Listed Places of Worship Grant Scheme, PO Box 609, NEWPORT, NP10 8QD

THE MEMORIALS GRANT SCHEME

An interim grant scheme, which started on 16th March 2005, returns, in grant aid, the amount of VAT incurred on the construction, renovation and maintenance of eligible memorials. The scheme is currently due to continue until 2011.

Invoices spanning works before and after 16th March 2005 can be submitted, but only the element incurred on or after this date will be refunded. There is no maximum or minimum limit on the amount reclaimable.

The cost of **professional services** (architects, structural engineers, surveyors, planning supervisors, archaeologists, H&S advisors, bat inspectors and professional fundraisers) directly related with eligible repairs are eligible from 22nd March 2006. Where these costs cover works before and after this date, this must be declared on either the invoice or the application. Fees for professionals not directly associated with repairs (i.e. lawyers, solicitors, accountants) are ineligible.

The purpose of the Scheme

is to recognise the social value of memorials, and it therefore applies to memorial structures in the form of statues, monuments and similar constructions, which:

- are solely for the purposes of commemorating people, events or animals;
- bear a commemorative inscription; and
- meet a public access test of a minimum of 30 hours a week.

Structures with a dual purpose are not eligible under the scheme (eg: a memorial bench or playground). Stained glass windows, although dual purpose, are eligible. Also excluded from the scheme are memorial gardens and trees, which are not structures capable of construction or renovation, although minor landscaping and planting undertaken in the course of memorial construction will generally be eligible. **Private expressions of remembrance, such as headstones, are not covered by the scheme.**

Eligible and Ineligible works are shown below:

Eligible	Ineligible
<ul style="list-style-type: none"> • Stone cross • Monolith • Plaques • Statues • Stained glass windows • Minor landscaping (<i>alongside memorial or in the course of the memorial construction</i>) • Removal of graffiti • Cleaning • Construction of memorial • Decoration / repainting • Professional fees (architects, surveyors, planning supervisors, H&S advisors, archaeologists, professional fundraisers) - all must relate to eligible repairs. 	<ul style="list-style-type: none"> • Bench / seat • Book • Portrait • Concert / event • Tree • Garden • Memorial buildings (<i>e.g. Library, village hall</i>) • Memorials located in non-public areas of civic buildings • Materials alone (<i>no work completed by VAT contractor</i>) • Specialist artistic or landscape design • Professional fees (lawyers, solicitors, accountants). Also any professional fees that relate to ineligible works. • Grave markers / headstones / mausolea • Memorials without public access

A VAT registered contractor must carry out the eligible works. Claims cannot be made for materials alone, they must be incorporated into the fabric by a registered VAT contractor.

You should check whether the contractor is registered for VAT, by asking his / her VAT registration number, which must be shown on the invoice.

Charities / faith groups that are registered for VAT (because they charge an entrance fee or run business activities) and pay a reduced effective rate of VAT, can only claim the amount irrecoverable from HM Revenue & Customs (previously Customs & Excise). Evidence of this agreement must be provided with the application.

You must submit with your application, an **original VAT** invoice (or original receipted invoice) from the contractor. Claims will not be paid without this original documentary evidence. **Photocopied invoices are not acceptable.**

Where an invoice covers both eligible and ineligible works / memorials, this distinction must be made clear either on the invoice, or in question 22 of the application.

For further information and application forms:

☞ Further details can be found at www.memorialgrant.org.uk/index.htm

Or you can contact the scheme administrators at:

Memorials Grant Scheme, PO Box 609, Newport, NP10 8QD, Tel: 0845 600 6430

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These Funding Guides have been developed by a “Good Practice” group of the National Stewardship Committee of the Church of England and are intended to support your church’s fundraising. They are available on-line at www.parishresources.org.uk/funding or at www.churchcare.org.uk/funding.php