

VAT – REVERSE SUPPLY STATEMENT

An Assignment / Surrender of a lease to a number of entities (see list below *) is subject to a reverse VAT liability i.e. instead of the Vendor collecting and accounting for the VAT, responsibility passes to the Assignee / Surrenderee.

* a taxable person

the state, a local Authority (including a health board) or

a person who acquires the property for the purposes of making any of the following exempt supplies in the course or furtherance of business:

- an exempt supply of property,
- financial services,
- an exempt letting – short term,
- agency services in relation to passenger transport, accommodation, and financial services,
- insurance and reinsurance transactions,
- public postal services,
- public broadcasting services,
- passenger transport.

In all other cases, VAT should be charged.

In ease of practitioners, the Society's Taxation Committee has produced the form of statement set out below for use by practitioners in such situations.

REVERSE SUPPLY STATEMENT (ASSIGNMENT/SURRENDER TO A TAXABLE PERSON) SECTION 4(8) VATA 1972	
Vendor: Vendor's VAT Number: Purchaser: Purchaser's VAT Number: Description of Property: Date: Purpose: Purchaser is required to account on a reverse charge basis for the VAT arising on the Assignment/Surrender calculated as follows:	
*Capitalised value of the VATable interest being assigned:	€
VAT chargeable at 13.5%:	€
<p><i>*NB: To pass the Economic Value Test, this must not be less than the taxable value on which the Vendor recovered VAT on acquisition and the cost of any development work undertaken since the grant of the lease, in the absence of development work the original taxable value of the lease may be amortised over the life of the lease up to the date of surrender/assignment</i></p>	

