

VAT – TO REVOKE OR NOT TO REVOKE, THAT IS THE QUESTION

- 1st August 1989 – Commercial real estate in UK usually exempt unless the option to tax was exercised in which case it became standard rated.
- 1st August 2009 – First opportunity for owners of commercial real estate in the UK which has been standard rated for more than 20 years to revoke the option to tax and revert to exempt status subject to conditions.
- Position of Landlords: Examine real estate assets and in particular those where there are leases to financial institutions unable to recover VAT charged on the rent.
- Position of Tenants: Examine position pre-end of lease especially if tenant is a financial institution.
- An opportunity to plan?
- An opportunity to increase/maintain rents in a falling market?
- An opportunity to remove an inconvenient election at a convenient time?
- An opportunity to re-gear or to grant a new lease on terms more beneficial to both Landlord and Tenant?

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