

LISTED BUILDINGS and the V.A.T. REGULATIONS

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THERE ARE MANY anomalies in our taxation system and one of the most absurd, in my opinion, is the fact that Government continues to maintain its practice of levying VAT on the repair and maintenance of buildings, while allowing works of alteration, reconstruction, or even partial demolition, of listed buildings to be exempt from VAT. Thus the Government is encouraging the alteration of our most important historic buildings, with a tax incentive, but not their repair and maintenance! The general rule is that works that require approval from the local planning authority in the form of 'listed building consent' are exempt from VAT. Listed building consent is required for work on a listed building which would affect its character as a building of special architectural or historic interest, whereas works which would actually serve to maintain that 'special' character, such as repairing the roof with identical materials, repairing walls, windows or the provision of damp proofing do not require listed building consent and are consequently all subject to VAT.

'Sustainability' is one of the latest buzz words used by Government and media alike. For those of us working in conservation, this recent recognition of the importance of this approach to environmental matters seems long overdue. If development is to be sustained at a time when increasing demand for new resources is finally reaching the limits of acceptability, then the obvious starting point for any practical action is to establish how best to sustain the development we already have. In building conservation, the principle of repair rather than replacement has been the natural practical expression of sustainability as applied to historic buildings, since the conservation movement started with the formation of the Society for the Protection of Ancient Buildings in 1877 by William Morris.

The latest guidance on planning and sustainability informs us that the Government "will continue to develop policies consistent with the concept of sustainable development" and that "the sum total of decisions in the planning field, as elsewhere, should not deny future generations the best of today's environment". This all points to making the best use of what we already have in the terms of the built environment. Regrettably, this has not been followed through in its taxation policy, as the current regulations tax repairs which sustain existing buildings, while at the same time allow for relief on certain new work or alterations to our most historic buildings, which in turn increases demand for new resources. The 'policy' and 'implementation' clearly do not equate.

I consider that a review of this absurd system is long overdue, with there being strong and 'sustainable' arguments for reversing the situation. Our historic buildings rank among our most important national assets and it is time we recognised this in our system of taxation.

A leaflet giving full details of the VAT regulations as they apply to listed buildings is available from H.M. Customs and Excise, entitled 'Protected Buildings (Listed Buildings and Scheduled Monuments) No. 708/1/90.

It should be noted that the views expressed in this article are those of the author and not those of the Dover District Council.

REFERENCES: Sustaining our Heritage, by Mike Downs, in *Context*, September 1993.
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