

## **Incidental Parking**

The provision of parking facilities is usually subject to VAT. But, where it is incidental to an exempt (un-opted or residential) property letting between the same landlord and tenant, HMRC have historically seen it as also being exempt.

It emerged last year that HMRC now thought that this point was subject to a further condition, that the lettings be entered into at the same time. This would mean, for example, that annual lettings of parking in conjunction with residential leases were subject to VAT after the first year.

Some of us persuaded them a year ago to think about this again, and they are still taking advice on the matter, but it is possible that there will be, at least, some widening of taxation in this area.

When acting for the landlord, we should therefore be ensuring that leases, licences etc, always allow for VAT to be charged on any parking facilities. This applies whether or not there is a separate agreement for the parking, and whether the property is commercial or residential.

If you would like to discuss this or any other VAT matter, please do not hesitate to contact us.

**Elysian Associates**

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