

# Lazarowicz wants the government to think again about VAT on alterations



*by Edinburgh North and Leith MP, Mark Lazarowicz*

***20% VAT plan for listed building alterations is bad news for Edinburgh and Leith***

The UK government's budget has come under a lot of criticism for a number of reasons – the 'pasty tax', the 'granny tax', the child benefit cuts, to name just a few.

One change which hasn't been covered so much in the media, however, is the government's proposal to introduce 20% VAT for alterations to listed buildings. This is a particularly worrying proposal for my constituency of Edinburgh North & Leith, and indeed for the city as a whole.

This has been described as a 'churches tax'. It is certainly that, as many churches are older buildings and are therefore categorised as listed buildings – there are 70 Church of Scotland churches in Edinburgh which are listed, and there will be others owned by other churches. But it's also a tax on other public and community buildings – where measures like providing disabled access are important, but often expensive, and an extra 20% cost will just make that prohibitive in some cases, and perhaps lead to some facilities having to close.



It will also affect very many domestic home owners as well. The Prime Minister when he was asked about the issue at PMQs this week chose to describe those who might be affected by this VAT increase as people who wanted to put a "great big

swimming pool in a listed Tudor house". That may be what his friends and acquaintances do. But it's not the reality in a constituency and a city like the one I represent.

✘ In Edinburgh 34,000 properties have listed building status – that figure includes many ordinary flats in tenements or smaller terraced houses, in different parts of the city. They are concentrated in areas like the Old and New Town, but there are also many in other older areas of the city such as Leith, and other communities as well.

The effect of putting VAT on alterations to listed buildings will be to make projects in many of these properties, public or private, unviable. The kind of example I can foresee being affected is a flat where someone has lived for many years requiring some alterations to adapt it to the changing needs of someone with restricted mobility; or a church wanting to undertake changes to allow heating to be installed; or a shop that wants to install a ramp to provide disabled access. This is the kind of small scale project which I can foresee being jeopardised. That is the last thing we want to see in the current economic situation and the dire state of the building industry. I suspect many such projects will just not happen – the Treasury will not get the VAT and the builders will not get the work. I think it is called a 'lose-lose' situation!

The Government has argued that this is sorting out an anomaly where VAT isn't paid on alterations to listed buildings, but repairs are charged at 20%. There may be a case for standardisation between repairs and alterations. But in that case, it would be better to standardise them both at a lower rate of VAT, as Labour proposes with its plan for a cut in VAT to 5% on home improvements, whether they are repairs or alterations, listed buildings or not, in an effort to help homeowners and small businesses.

When there was a vote on the issue in the House of Commons this week, even some Tory and LibDem MPs voted against this

increase. The plan still scraped through, but the government says it is still consulting on the proposal.

I hope the government listens to the widespread concern and thinks again.