

Foreword

This notice cancels and replaces Notice 701/7 (August 1994). Details of any changes to the previous version can be found in paragraph 1.1 of this notice.

Further help and advice

If you need general advice or more copies of Customs and Excise notices, please ring the **National Advice Service** on **0300 200 3700**. **You can call between 8.00 am and 8.00 pm, Monday to Friday.**

If you have **hearing difficulties**, please ring the **Textphone** service on **0300 200 3719**.

If you would like to speak to someone in **Welsh**, please ring **0300 200 3705**, **between 8.00 am and 6.00 pm, Monday to Friday.**

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

Other notices on this or related subjects

371 Importing goods for disabled people free of duty and VAT

700 The VAT Guide

701/1 Charities

701/6 Charity funded equipment for medical, veterinary etc uses

701/31 Health and care institutions

701/57 Health professionals

701/59 Motor vehicles for disabled people

708 Buildings and construction

1. Introduction

1.1 What is this notice about?

This notice explains:

- which goods and services for disabled people are zero-rated for VAT;
- the declaration a customer needs to give to his supplier.

It has been restructured and rewritten to improve readability, but the technical content has not changed from the August 1994 edition.

This notice and others mentioned are available both on paper and on our Internet website at www.hmce.gov.uk.

1.2 Who should read this notice?

You should read this notice if you:

- supply goods and services to disabled people;
- supply goods and services to charities which serve the needs of disabled people; or
- receive goods and services eligible for zero-rating and need to complete an eligibility declaration.

1.3 Terminology

VAT law refers to people who are 'handicapped' and to certain goods designed for severe 'abnormality' and for 'invalids'. We accept that these terms are not now in general usage and can sometimes cause offence. We use them in this notice only where it is essential to accurately reflect the wording of the law.

1.4 What law covers this notice?

The VAT Act 1994:

- **Section 30** holds that goods and services specified in Schedule 8 to the Act are zero-rated; and
- **Schedule 8, Group 12** (as amended by SI 1997/2744, SI 2000/805 and 2001/754) specifies the zero-rated goods and services explained in this notice.

2. When to zero rate goods and services for disabled people

2.1 When can supplies be zero-rated?

Supplies of goods and services are only zero-rated when **all** of the following conditions are met:

- the customer is eligible to purchase supplies at the zero rate - see Section 3;

- the goods are for the personal or domestic use of the customer - see paragraph 3.5;
- the goods and services are eligible to be supplied at the zero rate - see paragraph 2.4.

2.2 Do customers obtain a refund of VAT from Customs?

No. Zero-rating works by the supplier not charging VAT.

If you are charged VAT incorrectly, your supplier may be able to make an adjustment to his VAT records and refund you the VAT. Further details of how this is done are in Notice 700/45 How to correct VAT errors and make adjustments or claims. We do not make refunds directly to customers.

2.3 Who decides whether goods or services qualify for zero-rating?

The supplier is responsible for ensuring that all the conditions for zero-rating are met.

Where relief depends on the designer's intention and you have not designed or manufactured the goods yourself, you should seek written confirmation from the manufacturer (or importer) that the goods are eligible for VAT relief. Goods are not 'designed for use solely by disabled people' if the manufacturer makes no such claim for the goods. If there is any doubt on this question the manufacturer or importer should contact us for advice. We will not ordinarily provide binding VAT rulings to a retailer or distributor on the eligibility of specific items for VAT relief.

2.4 Are all goods and services for disabled people zero-rated?

No. The table below provides a summary of the goods and services that can be zero-rated and where in this notice the details can be found:

Goods or services	See Section / paragraph
Adaptation of goods	5.3
Adjustable beds, chair lifts, hoists and sanitary devices	4.3
Alarms	7
Auditory training aids	4.6
Boats	4.4

Building works -	
• ramps, doorways and passages	6.2
• bathrooms, washrooms and lavatories	6.3 and 6.4
• lifts	6.6
• preparatory, restoration and making good	6.7
Installation of goods	5.1
Low vision aids	4.7
Medical and surgical appliances	4.2
Motor vehicles	4.1
Other equipment and appliances designed solely for use by disabled people	4.5
Parts and accessories	4.8
Repair and maintenance of goods	5.2

3. Customer eligibility

3.1 Who can purchase zero-rated goods and services?

The zero-rating of goods and services for disabled people depends in part upon the status of the recipient - see paragraph 2.1. You can only zero rate supplies to:

- handicapped people - see paragraph 3.2;
- charities - see paragraph 3.3; and
- certain eligible bodies - see paragraph 3.4.

As a supplier you must take reasonable steps to check that your customer is eligible to receive your goods or services at the zero rate.

3.2 Supplies to handicapped people

You can only zero rate supplies to handicapped people when:

- the person is 'chronically sick or disabled' - see sub-paragraph 3.2.1, and
- the goods and services are purchased or acquired for their personal or domestic use - see paragraph 3.5.

3.2.1 What does 'chronically sick or disabled' mean?

A person is 'chronically sick or disabled' if he/she is a person:

- with a physical or mental impairment which has a long-term and substantial adverse effect upon his/her ability to carry out everyday activities;
- with a condition which the medical profession treats as a chronic sickness, such as diabetes; or
- who is terminally ill.

It does not include a frail elderly person who is otherwise able-bodied or any person who is only temporarily disabled or incapacitated, such as with a broken limb.

If a parent, spouse or guardian acts on behalf of a 'chronically sick or disabled' person, your supply is treated as being made to that 'chronically sick or disabled' person.

3.2.2 Terminology

The term 'disabled' is used throughout this notice and means 'handicapped' or 'disabled or chronically sick'.

3.3 Supplies to charities

You cannot zero rate all of the goods and services listed at paragraph 2.4 to all charities. You should, therefore, take extra care in checking that a charity is eligible for VAT relief before zero-rating your supply.

Supplies of goods listed at paragraph 2.4 to charities will qualify for VAT relief where the goods are made available by the charity to a disabled person for their personal or domestic use - see paragraph 3.5.

There are certain other circumstances when supplies of goods listed at paragraph 2.4 will qualify for VAT relief - see Notice 701/1 Charities and Notice 701/6 Charity funded equipment for medical, veterinary etc uses.

3.3.1 What is a charity?

Bodies in England and Wales have charitable status when they are registered, excepted or exempted from registration with the Charity Commission, or bodies anywhere in the United Kingdom which are treated by the Inland Revenue as charitable. Not all non-profit making organisations are charities.

There is no distinction for VAT purposes between those charities registered with the Charity Commission and those that are not required to register. However, unregistered charities claiming zero-rating may need to demonstrate that they have 'charitable status'. This may be achieved from their written constitution or by the recognition of their charitable status by the Inland Revenue.

Further information on VAT reliefs available for charities is contained in Notice 701/1 Charities.

3.4 Supplies to eligible bodies

Supplies purchased by certain healthcare bodies and hospitals with charitable funds may qualify to be zero-rated under separate rules. For more information see VAT Notice 701/6 Charity funded equipment for medical, veterinary etc uses.

3.5 What does for 'domestic or personal' use mean?

'Domestic or personal' use means that the supply must be made available specifically for the use of an eligible individual (or series of eligible individuals).

Excluded from the terms 'personal' or 'domestic', and **not** eligible for VAT relief are:

- goods and services used for business purposes;
- supplies made widely available for a whole group of people to use as they wish. For example, a stair lift in a charity building for the use or convenience of all chronically sick or disabled persons who might use the building would not qualify for relief. This is because the charity is making the lift available for the general use of all those people who might require it, rather than for the personal use of specified individuals;
- goods and services supplied to:
 - an in patient or resident of a hospital or nursing home;
 - any person attending the premises of a hospital or nursing home for care or treatment; and
 - any other person or commercial establishment where the goods are for use by, or in connection with, either of the above,

where the items are intended for use in the care or treatment provided in the hospital or nursing home. For more information see Notice 701/31 Health and Care institutions.

3.6 Can anyone pay for the eligible goods and services?

As a general rule, yes.

There are, however, special rules that apply to supplies of certain types of equipment paid for or arranged at the behest of the National Health Service, hospitals or certain other institutions that provide nursing or residential care. For further information on these rules please see Notice 701/31 Health and Care institutions.

3.7 What evidence must I hold to show my customer is eligible?

We recommend that you obtain a written declaration from each customer claiming entitlement to VAT relief. Such a declaration should contain sufficient information to demonstrate that a customer fulfils all the criteria for eligibility. The declaration should be separate, or clearly distinguishable from, any order form or invoice against which the goods or services are supplied. A customer signing an order should not automatically be signing a declaration of eligibility for VAT relief.

There is a suggested declaration form at Section 10 that may be copied or otherwise reproduced by you or the customer.

3.8 What if a customer is unable to make a written declaration?

It may not always be possible for a disabled person to sign a declaration (for example, if the person is a child or unable to write). In such cases, the signature of a parent, guardian, doctor or another responsible person is acceptable on the declaration.

3.9 Can I accept electronic declarations?

Yes. You can accept electronic declarations received, for example over the internet or by fax. Not all electronic declarations will have the means to incorporate a signature. In these circumstances it is important that you retain evidence of the origin of the document, such as the e-mail message incorporating the sender's address.

As with paper declarations electronic ones should be distinguishable from an order form or invoice. These declarations must be retained for the same period as general VAT accounts and records, and if held electronically must be capable of being produced in hard copy.

3.10 Use and misuse of declaration forms

A declaration only confirms your customer's status as a person eligible to receive zero-rated goods and services and the use to which he will put the goods or services he buys. It does not mean that the goods and services themselves fulfil all the conditions for zero-rating.

If you believe an eligibility declaration to be inaccurate or untrue, you must not zero rate your supply. You should also take care that procedures, forms and literature do not encourage or lead customers to make such a declaration. There are penalties for making or accepting false declarations and for fraudulent evasion of VAT. If, however, having taken all reasonable steps to check the validity of a declaration you fail to identify an inaccuracy, and in good faith make a supply at the zero rate, we will not seek to recover the tax due, if all other conditions for relief are met. For further information see Notice 48 Extra-statutory concessions.

4. Goods eligible for zero-rating

4.1 Motor vehicles for disabled people

Information on motor vehicles for disabled people and the Motability scheme is in Notice 701/59 Motor vehicles for disabled people.

4.2 Medical and surgical appliances

4.2.1 General

You can zero rate the supply to an eligible customer as described in paragraph 3.1 of a medical or surgical appliance that is designed solely for the relief of a severe abnormality or a severe injury.

An 'appliance' is a device or piece of equipment with a specific function. It can be designed for use outside or inside the body.

Examples of severe abnormalities or severe injuries include amputation, rheumatoid or severe osteo-arthritis, severe disfigurement, congenital deformities, organic nervous diseases, learning disabilities and blindness.

4.2.2 Eligible items

Examples of zero-rated appliances include:

- artificial joints;
- artificial limbs;
- artificial respirators;
- heart pacemakers;
- invalid wheelchairs;
- leg braces;
- neck collars;
- oxygen concentrators;

- renal haemodialysis unit;
- specialist clothing;
- specialist footwear; and
- wigs.

4.2.3 Non eligible items

Examples of goods that are not zero-rated include:

- plates or pins for use in repairing broken bones, bandages, plasters or other wound dressings as they are not appliances;
- medical or surgical appliances that are not designed solely for the relief of a severe abnormality or severe injury, particularly those used in cosmetic surgery, such as breast implants; and
- dentures - these are VAT exempt when they are supplied by dentists, dental auxiliaries or dental chemists. See Notice 701/57 Health professionals.

4.3 Electrically or mechanically adjustable beds, chair or stair lifts, hoists and lifters, sanitary devices

You can zero rate the supply to an eligible person as detailed in paragraph 3.1 of:

- an electrically or mechanically adjustable bed designed for invalids. For a bed to be eligible for relief it must clearly stand out as being something specialised for the use of invalids. As well as being electrically or mechanically adjustable, it should additionally have specific design features which distinguish it from a standard bed;
- a stair lift or a chair lift designed for use in connection with a wheelchair. (It is not necessary for the lift to carry the person whilst seated in the wheelchair);
- a hoist or lifter designed for use by invalids. This includes lifting seat chairs; and
- commode stools, commode chairs or devices with a warm air drier and bidet jet incorporated, frames or other devices to help sitting on or rising from a sanitary appliance.

4.4 Boats

You can zero rate the supply to an eligible customer as detailed in paragraph 3.1 of a boat which is designed, or prior to supply is substantially and permanently adapted, for use by disabled persons or to carry disabled persons. To qualify for relief, a boat should include all or most of the following features:

- a ramp for wheelchairs;
- lifts and level non cambered surfaces to accommodate wheelchair movements;
- specialised washing and lavatory facilities accessible to disabled people;
- specially equipped galley and sleeping areas and steering facilities designed for use by disabled people;
- handrails; and
- wheelchair clamps.

If the boat does not meet the above conditions, it may still qualify for VAT zero-rating under a separate relief (Notice 744C - Ships, aircraft and associated services).

4.5 Other equipment and appliances “designed solely” for use by a disabled person

4.5.1 General

You can zero rate the supply to an eligible customer as detailed in paragraph 3.1 of any other equipment and appliances that have been designed solely for use by disabled people.

It is not sufficient for zero-rating that the equipment or appliance is merely destined or intended for use by a disabled person, or is mainly purchased by disabled persons. For example, general purpose equipment such as most computer hardware, ordinary or orthopaedic beds, orthopaedic or reclining chairs may benefit a disabled person, but are designed for general use or for use by disabled and able bodied people alike. Such products are not eligible for relief.

Equipment which has been designed solely for use by a disabled people will remain eligible for relief even though they are available to be purchased by people who do not have a disability. VAT relief will however only apply to supplies which are made to eligible persons or bodies as detailed in paragraph 3.1.

4.5.2 Meaning of “designed solely for use by a disabled person”

This means the original intention of the designer was to produce equipment or an appliance designed solely to meet the needs of persons with one or more disabilities. The design must succeed in that the product does in fact meet the needs of disabled persons. There are a number of conditions which may, but do not invariably result in disability - such as:

- asthma;
- psoriasis; and
- dyslexia.

Equipment which meets the needs of people with such a condition will only qualify for zero-rating if designed solely for the purpose of meeting the needs of disabled sufferers of the condition.

4.5.3 Who determines if the goods are eligible?

It is only the designer or manufacturer who is able to determine whether the goods qualify for zero-rating. The designer, manufacturer or importer of the goods must retain evidence which demonstrates that the goods in question fulfil the conditions for relief. There is no single piece of evidence that must be held but may include contemporaneous records on:

- the disability needs to be addressed;
- the product specification for meeting those needs;
- results of tests demonstrating that the product meets the design intention; or
- patent or patent application.

If you are not the designer, manufacturer or importer, and you think that the equipment or appliances you are selling have been designed solely for use by a disabled person you should ask the manufacturer or importer whether this is in fact the case. The manufacturer's or importer's advertising literature will sometimes contain a statement that the equipment has been designed solely for use by disabled people.

Where VAT relief depends on the manufacturer's or importer's design intention only the manufacturer or importer should seek liability rulings from Customs. Local Business Advice Centres have been asked to refuse requests for liability rulings from retailers.

4.5.4 Examples of equipment and appliances qualifying for relief:

- Braille embossers;
- incontinence products - but see below;
- long handled pick up sticks;

- text telephones;
- whistling cups for blind people;
- white canes for blind people;
- vibrating pillows for deaf or hard of hearing people;
- transcutaneous electrical nerve stimulator; and
- wheelchairs.

Eligible incontinence products, for retail sale, are zero-rated on the shelf. In practice, this means that there is no requirement for the customer to provide a written declaration to the retailer confirming they are eligible for VAT relief.

Supplies of eligible incontinence products over the Internet or by mail order also qualify for VAT relief providing they are made to individuals and not institutions.

We will expect retailers, Internet and mail order suppliers to have a signed declaration, or other supporting evidence that the supply is to an incontinent individual and not to an institution such as a nursing home, for customers who buy more than:

- 200 disposable pads;
- 50 washable pads;
- 5 collecting devices; or
- 10 pairs of waterproof or leak-proof underwear.

4.5.5 Examples of products which do not qualify for relief

- Most hearing aids (see paragraph 4.6 for exceptions);
- contact lenses;
- dentures (see paragraph 4.2);
- items which are not equipment or appliances; or
- spectacles.

The above items are specifically excluded from this relief by law.

4.5.6 Computer software and hardware

Computer systems are increasingly being used as aids to disability. The systems are made up of a number of separate pieces of software and hardware. Some are general use items taxable at the standard rate of VAT, whilst others have been designed solely for use by a disabled person and are therefore eligible to be supplied at the zero rate.

To simplify the application of VAT to computer systems sold as a complete package, suppliers may use either or both concessions detailed at Section 9.

4.6 Auditory training aids for deaf children and equipment to aid the hard of hearing

You can zero rate the supply to an eligible customer as detailed in paragraph 3.1 of hearing aids designed for the auditory training of deaf children. These are usually elaborate and expensive audio training systems used by teachers, parents and guardians to give deaf children with little residual hearing at least the possibility of acquiring adequate speech. This equipment consists of an earpiece receiver worn by the child, linked by wire, radio or induction loop to a microphone transmitter worn by the teacher, parent or guardian. This arrangement permits direct communication without distortion or interference from other noise.

Although standard hearing aids are excluded from relief, certain specialist equipment designed for people with severely defective hearing which do not constitute "hearing aid" as the term is generally used may be zero-rated. These include tinnitus maskers which generate a constant noise to mask the effect of ringing in the ears and induction loops. Public address systems however will not qualify for VAT relief covered in this notice.

4.7 Low vision aids

Corrective spectacles and contact lenses are not relieved from VAT. However you may zero rate the supply to an eligible customer as defined in paragraph 3.1, of other types of low vision aids. This equipment tends to fall into two categories:

- spectacle mounted low vision aids which are custom made to the prescription of a qualified optician where the prescription identifies the appliance as a low vision aid; and
- other low vision aids including technical aids for reading and writing, which are designed exclusively for visually impaired people, for example, closed circuit video magnification equipment capable of magnifying text and images.

4.8 Parts and accessories

You can zero rate parts and accessories which you supply to an eligible customer as defined in paragraph 3.1 provided that they were designed solely for use in or with goods which themselves qualify for VAT relief as described elsewhere in this section.

Parts means integral components without which the equipment is incomplete. Accessories means optional extras which can be used to improve the operation of the equipment, or enable it to be used, or to be used to better effect, in particular circumstances. VAT relief does not apply to general use items such as standard batteries, even if these were purchased to be used within an item which is eligible for VAT relief. If the batteries were solely designed to operate within the eligible item however, they would be eligible for relief.

4.9 Letting of goods on hire or lease

You can zero rate a supply on hire or lease of any goods eligible for VAT relief as detailed in paragraphs 4.2 - 4.8.

5. Services of installation, repair, maintenance and adaptation of goods

5.1 Installing goods

You can zero rate services, to an eligible customer as defined in paragraph 3.1 of installing any of the goods described in Section 2 of this notice provided that the goods that are being installed:

- are themselves eligible for relief as detailed within this notice; and
- are not paid for or arranged at the behest of the National Health Service, any other hospital or nursing home.

Examples of services of installation which can be zero-rated when supplied to an eligible customer include:

- plumbing in a sanitary appliance;
- wiring up an electrically adjustable bed; and
- installing a chair lift.

5.2 Repairing and maintaining goods

You may zero rate the supply to an eligible person of your services of repairing or maintaining any of the goods specified in Section 2 of this notice.

5.3 Adapting goods

You can zero rate the service of adapting any general purpose goods so that those goods suit the condition of a disabled person, provided that the supply is to:

- a disabled person, or
- a charity which is making the adapted goods available by sale or otherwise to a disabled person.

This relief applies only to the service of adaptation. The goods themselves will not qualify for relief. Where you supply the goods yourself and have adapted them prior to the supply you may apportion the value of the supply between the cost of the unadapted standard-rated goods and the cost of the zero-rated service of adaptation. Separate rules however apply to the sale of substantially and permanently adapted motor vehicles, see Notice 701/59 Motor vehicles for disabled people. You will find further information concerning the apportionment of supplies between standard and zero-rated elements in VAT Notice 700 The VAT Guide.

5.4 Goods provided in the course of adaptation or repair and maintenance services

You can zero rate any goods that you necessarily supply in the course of a supply of adaptation or repair and maintenance, where these services qualify for VAT relief as detailed in paragraphs 5.2 and 5.3 above.

6. Building and construction

6.1 General

Certain building work is zero-rated in its own right whether or not these buildings include special features that can be used by disabled people, for example the construction of new dwellings and approved alterations to protected buildings. You will find further information on general rules relating to the VAT liability of building work in Notice 708 Buildings and Construction.

If you supply services of construction or building services that would usually be standard rated, this section explains the circumstances in which you may zero rate your supplies.

6.2 Ramps, doorways and passages

You may zero rate the service of constructing a ramp or widening a doorway or passage, (but not the construction of a new doorway or passage) provided the work is done to help a disabled person gain access or to move about within the building and:

- in the case of a supply to a disabled person the building is his or her private residence. A private residence includes the garden, yard, outbuildings, detached garages and even an orchard as well as the home; or
- in the case of a charity the building may be any building.

Construction of a ramp includes:

- the raising of a floor level to match that of another existing floor level so as to remove a step or steps;
- the reduction of the angle of an incline; or
- the creation of a slope.

Widening a passage includes:

- the widening of a room through which a disabled person passes to gain access to another room, for example a bedroom which has an en suite facility; or
- the widening of an existing path across a disabled person's garden (but not the construction of a new path).

6.3 Bathrooms, washrooms and lavatories

6.3.1 General

You can zero rate the services of providing, extending or adapting a bathroom, washroom or lavatory provided the work is necessary to suit the condition of a disabled person and:

- in the case of a supply to a disabled person the building is his or her private residence. A private residence includes outbuildings as well as the home; or
- in the case of a supply to a charity the building is residential accommodation or a day-centre where at least one-fifth (20%) of the individuals using the centre are disabled persons. Residential accommodation includes permanent or temporary accommodation in a residential home, self-contained living accommodation or an establishment providing respite care. It does not include an inn, hotel, boarding house or similar establishment or accommodation in any such type of establishment.

Zero-rating applies even if the residential home or the other buildings mentioned are not managed or used by the charity to which you make your supply. You should take care to note, however, that many residential homes are not operated by charities, nor are all housing associations charities. You will find more information about housing associations in Notice 708/5 Registered Social Landlords (Housing Associations, etc).

6.3.2 Definitions

For the purposes of this relief:

- bathroom includes a shower room;
- washroom means a room containing a lavatory or washbasin (or both) but not containing a bath or shower or cooking, sleeping or laundry facilities; and
- lavatory is a room containing a toilet and possibly, but not always a washbasin.

6.4 Washrooms and lavatories (but not bathrooms)

Services to a charity of providing, extending or adapting a washroom or lavatory (but not a bathroom) can be zero-rated provided:

- the service is necessary to facilitate the use of the washroom or lavatory by a disabled person; and
- the work is carried out in a building, or part of a building used principally by a charity for charitable purposes.

6.5 Additional construction work in the course of a zero-rated supply as detailed in paragraphs 6.2 to 6.4 above

Where economy and feasibility dictate that you have constructed or extended in the course of a zero-rated supply, and have occupied space which was previously part of another room then you may also zero rate the service of restoring that room elsewhere in the building to its original size. This is because the work is essential to providing the service to your disabled customer.

Where you provide, extend or adapt a bathroom, washroom or lavatory and, at the same time, construct additional accommodation then you should apportion the supply between its zero-rated and standard-rated parts. Notice 700 The VAT Guide tells you how to do this.

6.6 Installation or repair and maintenance of lifts

You may zero rate services you necessarily have to perform in the installation or repair and maintenance of an ordinary vertical lift provided that you make the supply to a disabled person or to a charity; and

- in the case of a disabled person, the lift you install is designed to help that person move between different floors of their private residence; or

- in the case of a charity, the lift is installed in a day centre or a building in which the charity provides either temporary or permanent residence for disabled people and is installed for the purpose of facilitating the movement of disabled persons between the floors of that building.

6.7 Preparatory, restoration work and making good

Where building work described as eligible for VAT relief in paragraphs 6.2 to 6.6 above requires preparation and necessary restoration work, you can also zero rate your supply of these services.

For example, with the widening of a doorway, you can zero rate the removal of bricks and mortar; the supply and fit of a wider door; the installation of a new frame and surround and the restoration of the immediate decor. Similarly if you have provided, extended or adapted a bathroom, washroom or lavatory and supplied this service to an eligible person, you can also zero rate other work essential to providing those facilities. This would include the preparation of footings (including ground levelling); work linked to providing water, gas, electricity and drainage as necessary and the restoration of the immediate decor.

6.8 Construction and professional services not covered by this relief

Only building alterations described above qualify for relief under the terms of this notice. Other services you may perform, for example, the provision, extension or adaptation of bedrooms or kitchens are not zero-rated, even if the work you perform is to suit the needs of a disabled person. However, individual items of equipment which you may supply together with services necessarily performed in the course of installation may qualify for zero-rating as detailed in Sections 2 and 5 of this notice.

Services of an architect, surveyor or any person acting as a consultant or in a supervisory capacity even when supplied in connection with a supply of qualifying building services are standard-rated in all circumstances.

Charities may be entitled to VAT zero-rating on construction services covered by other provisions. You will find out more about this in Notice 708 Buildings and Construction.

6.9 Goods supplied in connection with construction services

If you supply goods such as building materials in connection with your supply of the services described in paragraphs 6.2 - 6.6, you may zero rate those goods provided that the construction services in question are properly eligible for zero-rating.

When the relevant building materials or other goods are purchased by a disabled person or charity themselves for use by their building contractor, a builders merchant or similar can zero rate their supply of the goods only if they are happy that the actual **building work** will qualify for zero-rating and can demonstrate that subsequently to visiting officers.

When the materials are bought by a disabled person or charity in connection with building works which will be performed by a friend or relative for free, or in a D.I.Y capacity by the disabled person or charity themselves, the supply of the materials is ineligible for the relief. This is because there is no subsequent supply of zero-rated construction services to which these materials can be “connected”.

7. Emergency alarm call systems

7.1 General

You can zero rate the supply of an emergency alarm call system designed to be capable of operation by a disabled person. It must enable that person to call for help in case of illness, injury or similar emergency to either a specified person or a control centre. The supply must be made to:

- a disabled person for their domestic or personal use, or
- a charity for making available to disabled persons by sale or otherwise for their domestic or personal use.

Any services performed by a control centre in receiving and responding to calls received from such an alarm system are also zero-rated, provided that they are supplied to an eligible customer as detailed above.

You cannot, however, zero rate the supply of ordinary telephones, internal communication systems, intruder alarms which activate bells, lights or sirens; or the services of installing ordinary telephone lines, regardless of to whom the supply is made.

7.2 What is regarded as a specified person or a control centre?

This is defined in law as a person who, or a centre that:

- is appointed to directly receive calls activated by the alarm system, and
- retains information about the disabled person to assist them in the event of illness, injury or similar emergency.

7.3 Repair and maintenance of eligible goods

VAT relief also applies to any services of repair and maintenance carried out to any items which qualify for VAT relief under paragraph 7.1.

8. Miscellaneous

8.1 Imports into the United Kingdom

VAT due on the importation of eligible goods from a place outside the member States of the European Community will be relieved under the same conditions as the VAT on supplies made in this country. Eligible customers (as detailed in paragraph 3.1) should make a declaration in the form given in Section 10 and lodge it with the import entry declaration made to Customs at the port, airport or postal depot of importation.

The importation of goods by a supplier does not qualify for relief in this way however. VAT must be paid by the supplier at importation, and may be claimed as input tax, subject to the normal rules outlined in Notice 700 The VAT Guide.

Most imports attract Customs duty. However in certain circumstances this charge is relieved. For details on duty relief for:

- goods for blind and other disabled people see Notice 371 Importing goods for disabled people free of duty and VAT;
- medical equipment donated to charities see Notice 341 Donated medical equipment free of duty and VAT; and
- goods imported by charities see Notice 317 Imports by charities free of duty and VAT.

Small value importations for personal use (such as gifts) may not attract VAT or Customs duty. You can find out more about this by contacting our National Advice Service on 0300 200 3700.

8.2 Acquisitions from other member States of the European Community

As detailed in Notice 725 The Single Market, a VAT registered person is required to account for acquisition tax on certain supplies of goods acquired from another EC member State. A VAT registered charity which is eligible to buy certain goods at the zero rate as detailed elsewhere in this notice, can account for tax at the zero rate on its acquisition of such goods.

Persons who are not VAT registered do not have this facility. If they buy goods in another member State they may be required to pay tax on those goods in that member State at the prevailing rate. This tax cannot be refunded in the United Kingdom. Each member State has its own rules about the extent of VAT relief on goods for disabled persons and the reliefs set out in this notice will not apply to supplies made in other EC member States.

Where goods are sent by a supplier in another member State to someone in the United Kingdom who is not VAT registered, special 'distance selling' rules apply and the VAT treatment will vary according to the circumstances.

For further information see Notice 725 The Single Market.

8.3 Exports and removals of goods from the United Kingdom

You can supply goods or services to disabled people from other countries, who are visiting the United Kingdom, under the conditions as set out elsewhere in this notice. If you supply goods which do not qualify for this VAT relief, you may still be able to zero rate the supply, subject to certain conditions under the retail export scheme (see Notice 704 VAT retail exports). This scheme applies only to persons resident outside the European Community who are exporting the goods to a place outside the European Community. You must charge VAT on all other retail sales of standard-rated goods which do not qualify for relief under this notice or as a retail export.

For exports of any goods as freight, see Notice 703 Exports and removal of goods from the UK.

8.4 Other useful information

You can find out about Social Security benefits, and other help available for disabled people, from the Department of Works and Pensions by ringing 0800 882200 or internet: www.dwp.gov.uk.

9. Computer software and hardware concessions

These concessions are referred to in paragraph 4.5.6.

9.1 Who is eligible?

You can use these concessions for supplies to an eligible customer as detailed in paragraph 3.1 only if:

- the computer system is a tool to aid the disabled person to overcome communication problems; and

- the computer system is for the personal or domestic use of a disabled person.

9.2 Concession 1 - zero-rating of central processor

A central processor may be zero-rated if:

- it is sold as part of a computer system; and
- it has software installed, which enables a disabled person to use the computer system or other software effectively, or to carry out tasks effectively when otherwise they could not.

No other general purpose hardware may be zero-rated under this or any other concession.

9.3 Concession 2 - Composite rate of VAT for computer systems

Traders supplying disabled people with complete computer systems that contain significant specialist items for use by disabled customers may use a composite VAT rate for such supplies. This rate will be based on supplies of such packages made by that supplier over a recent representative period.

In addition to the items of equipment designed solely for the use of a disabled person, the suppliers may include the values of the following elements of the package in the zero-rated portion:

- the central processor described at paragraph 9.2; and
- costs charged to the customer for the installation of the equipment and for the training in its use.

9.4 Composite rate calculation

A worked example follows:

- (a) Over a period of 2 to 3 months, a representative sample of sales by the supplier reveals the following facts about the most common “package” sold:
- central processor, speech synthesiser, Braille embosser, specialist software, installation and training will give the zero-rated element which comes to £1500 at sale value;
 - printer, keyboard, VDU and standard software will give the standard-rated element which comes to £500 plus £87.50 VAT, at sale value; and so

the total of the package is £2087.50 of which £87.50 is VAT. The “composite rate” (the rate which needs to be applied to the total VAT exclusive sale value of the package, to ensure that the correct VAT is declared on its standard-rated elements) for this particular package is $£87.50 \div £2000 \times 100 = 4.4\%$ (4.375% rounded up).

- (b) The business will now need to find composite rates for all other qualifying packages sold during the representative period, and then weight the sample to allow for packages that are sold more often than others. This would mean for example, that if the pattern of sales in the representative period were as follows:

Type of package	Composite rate	Total net value of sales	VAT
A	4.2%	£500	£21
B	6%	£200	£12
C	3%	£100	£3
D	3.8%	£100	£3.80
E	4.1%	£100	£4.10
Total		£1000	£43.90

Then the **overall** composite rate would be:

Total VAT generated from above sales = £43.90

Total value of above sales = £1000

Overall composite rate = $£43.90 \div £1000 \times 100 = 4.4\%$

- (c) The business would then be entitled to apply a composite rate of 4.4% to all sales of qualifying packages. In order to ensure that the rate reflects changing trade patterns, the business would have to recalculate the overall composite rate every 12 months.

9.5 Restrictions on both concessions

The arrangements apply **only to complete packages**. Replacement units or upgrading items will be liable to tax at the standard rate unless they are “designed solely” for use by disabled people when, of course, they will be zero-rated. Thus, if a customer changes the central processor, the standard rate will apply.

10. Eligibility declarations for goods and services for disabled people and charities serving their needs

10.1 Eligibility declaration by a disabled person

Please note there are penalties for making false declarations

Customer

If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult Notice 701/7 VAT reliefs for disabled people or contact our National Advice Service on 0300 200 3700 before signing the declaration.

I (full name)

of (address)

.....

declare that:

- I am chronically sick or have a disabling condition by reason of:
(give full and specific description of your condition); and that

- I am receiving from: (name and address of supplier)
 - * the following goods which are being supplied to me for domestic or my personal use:
(description of goods)
 - * the following services to adapt goods to suit my condition:
(description of services and goods)
 - * the following services of installation, repair or maintenance of goods:
(description of services and goods)
 - * the following alterations to my private residence:
(description of alteration)
 - * the services of monitoring a personal alarm call system

and I claim relief from value added tax.

..... (Signature)

..... (Date)

Supplier

I (full name)

of (address)

.....

am supplying to the person named above:

* the following goods:
(description of goods)

* the following services of adapting goods:
(description of services and goods)

* the following services of installation, repair or maintenance of goods:
(description of services and goods)

* the following alterations to a private residence:
(description of alteration)

* the services of monitoring a personal alarm call system

for the personal use of the disabled person.

..... (Signature)

..... (Date)

*Delete words not applicable

Note

You should keep this declaration for production to your VAT officer. The production of this declaration does not automatically justify the zero-rating of the supply. You must ensure that the goods and services you are supplying qualify for zero-rating.

10.2 Eligibility declaration by a charity

Please note there are penalties for making false declarations

Customer

If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult VAT Notice 701/7 VAT reliefs for disabled people or contact the National Advice Service on 0300 200 3700 before signing the declaration.

I (full name and status in charity)

of (name and address of charity)

.....

declare that the charity named above is receiving from: (name and address of supplier)

* the following goods which are to be made available to a disabled person or persons for domestic or their personal use:
(description of goods)

* the following services to adapt goods to suit the condition of a disabled person to whom the goods are to be made available:
(description of services and goods)

* the following services of installation, repair or maintenance of goods:
(description of services and goods)

* the following building alterations at (address of building):
(description of alterations).

* the services of monitoring a personal alarm call system

and I claim relief from value added tax.

..... (Signature)

..... (Date)

Supplier

I (full name)

of (address)

.....

am supplying to the charity named above:

* the following goods which are to be made available to a disabled person or persons for domestic or their personal use:
(description of goods)

* the following services to adapt goods to suit the condition of a disabled person to whom the goods are to be made available:
(description of services and goods)

* the following services of installation, repair or maintenance of goods:
(description of services and goods)

* the following building alterations at (address of building):
(description of alterations).

* the services of monitoring a personal alarm call system

..... (Signature)

..... (Date)

* Delete words not applicable

Note to supplier

You should keep this declaration for production to your VAT officer. The production of this declaration does not automatically justify the zero-rating of the supply. You must ensure that the goods or services you are supplying qualify for zero-rating.

10.3 Importation of goods for disabled persons: eligibility declaration by a disabled person

Please note that there are penalties for making false declarations

Customer

If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult VAT Notice 701/7 VAT reliefs for disabled people or contact the National Advice Service on 0300 200 3700 before signing the declaration.

I (full name)

of (address)

.....

declare that

- I am chronically sick or have a disabling condition by reason of:
(give full and specific description of your condition)
- and that I am importing the following goods from outside the European Community for domestic or my personal use:
(description of goods)

I claim relief from value added tax

..... (Signature)

..... (Date)

10.4 Importation of goods for disabled persons: eligibility declaration by a charity

Please note that there are penalties for making false declarations

Customer

If you are in any doubt as to whether you are eligible to receive goods or services zero-rated for VAT you should consult VAT Notice 701/7 VAT reliefs for disabled people or contact the National Advice Service on 0300 200 3700 before signing the declaration.

I (full name and status in charity)

of (name and address of charity)

.....

declare that the charity named above is importing the following goods from outside the European Community which are to be made available to a specific disabled person or persons for domestic or their personal use:
(description of goods)

..... (Signature)

..... (Date)

Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Customs and Excise
Charities and Healthcare Team
4th Floor
New King's Beam House
22 Upper Ground
LONDON
SE1 9PJ**

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Customs and Excise - complaints and suggestions' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmce.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Customs and Excise.

You can contact the Adjudicator at:

Notice 701/7 VAT Reliefs for disabled people
August 2002

The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP

Phone: (020) 7930 2292

Fax: (020) 7930 2298

Email: adjudicators@gtnet.gov.uk

Internet: <http://www.adjudicatorsoffice.gov.uk/>