

Cattle Market Makers Project (CMM) – Community Lead Local Development (CLLD)

e). to RESOLVE to OPT to Tax on the Cattle Market Makers facility (as attached i,ii,iii).

It is recommended that we follow the advice of our specialist VAT advisers Buzzacott and opt to tax on the Cattle Market Makers project facility to ensure we can reclaim the input VAT related to the capital costs of the project.

On the basis that Yvette has confirmed that LTC is not supplying the structures to CC (and it needs to be clear that is the case) and there will be an obligation on LTC in the lease to remove them at the end of the term then we can advise that LTC can deduct VAT on their installation. That means that if the units have any value at the end of the term, if LTC disposes of them it will be required to account for VAT on their value at that point, even if they are not sold.

I can confirm the reference to capital assets does not now need to be considered.

If LTC opts to tax on the site there ought to be no reason for HMRC to query deduction of the VAT

Opting to tax will also protect the Council's global position. The Council currently have two properties (Public Hall and Guildhall) where it makes VAT exempt supplies of land and property. Under VAT legislation, there is a maximum limit to the amount of input VAT that can be reclaimed on related expenditure, and if this limit is exceeded, no VAT is reclaimable (not just the amount that exceeds the limit). This happened when the Town Council undertook the Public Hall refurbishment, although following lengthy communication with HMRC an agreement was reached on partial reclaim. Opting to tax on this facility would remove it from the Council's exempt supply of land and property and therefore not have an adverse impact on its ability to reclaim input VAT on its existing properties.

You do not need to own the land in order to opt to tax. The option to tax would only affect supplies made by the Town Council and would not affect supplies made by anyone else. Cornwall Council have also confirmed the decision would not impact on them as landowners and their permission is not required.

The decision to opt to tax must be made by a resolution of the Council, and the written record/minute must clearly state details of the land/buildings on which the option to tax is being made. This decision must be notified to HMRC in writing within 30 days and signed by the Town Clerk or RFO. The option to tax will have effect from the date of the decision, or any later date specified, as long as HMRC are notified in writing within the relevant time limits.

Recommendation: to resolve to opt to tax on the Cattle Market Makers project facility on part of Liskeard Cattle Market (Landlord's title number CL222566)