Is VAT payable when I sell my property?

The first question is whether the seller is registered for VAT and whether the property falls within their VAT enterprise. If this is the case, it qualifies as a VAT transaction.

However, the transaction can be zero-rated (meaning no VAT amount is payable) if the following requirements are met:

1. Both the seller and buyer are registered for VAT (note: they must be registered on the date of signing the agreement);
2. The property is sold as a going concern and an income-earning entity. Both these points must be specifically confirmed in the agreement.

If both conditions 1 and 2 are not met, it will not qualify as a zero-rated transaction, and the seller will have to pay VAT to the Receiver of Revenue. If the buyer is registered for VAT, they can then reclaim this VAT on their next VAT return.

Where the seller is not registered for VAT and transfer duty is payable, the buyer can reclaim the transfer duty as part of their VAT return if they are registered for VAT. However, in such a case, the property must also form part of their VAT enterprise.