When is VAT payable on the sale of a fixed property?

Where the seller is registered for VAT and the property sold is part of his VAT enterprise, the transaction will a VAT transaction.

The transaction will, however, be zero-rated (in other words no VAT has to be paid) if the following requirements are met:

1. Both the seller and the purchaser are registered for VAT.

2. The property is sold as a going concern that is capable of separate operation and as an income-earning activity, both of which must be stipulated as such in the agreement.

If the transaction does not comply with 2 above but with 1 above, the purchaser can, as a general rule, claim back the VAT with his next return.

Where the seller is not registered for VAT, Transfer Duty would be payable.

This article provides general guidelines in respect of the relevant topic. You should get proper advice from your attorney or auditor in respect of your specific transaction and circumstances.

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