



# Domestic reverse charge 'specified services'

Building and construction services supplied at the standard or reduced rates that also need to be reported under CIS will be affected by the reverse charge. These services are referred to as 'specified supplies'.

You need to be aware of the difference between CIS and the reverse charge where materials are included within a service. The reverse charge applies to the whole service whereas CIS payments to net status sub-contractors are apportioned and no deductions are made on the materials content.

The reverse charge does not apply if the service is zero rated for VAT or if the customer is not registered for VAT in the UK.

## You will have to apply the reverse charge if you supply any of these services:

constructing, altering, repairing, extending, demolishing or dismantling buildings or structures (whether permanent or not), including offshore installation services

constructing, altering, repairing, extending, demolishing of any works forming, or planned to form, part of the land, including (in particular) walls, roadworks, power lines, electronic communications equipment, aircraft runways, railways, inland waterways, docks and harbours

pipelines, reservoirs, water mains, wells, sewers, industrial plant and installations for purposes of land drainage, coast protection or defence

installing heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection systems in any building or structure

internal cleaning of buildings and structures, so far as carried out in the course of their construction, alteration, repair, extension or restoration

painting or decorating the inside or the external surfaces of any building or structure

services which form an integral part of, or are part of the preparation or completion of the services described above - including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works

*The information within this factsheet has been taken directly from the HMRC website. Source: <https://www.gov.uk/guidance/vat-domestic-reverse-charge-for-building-and-construction-services#services-affected-by-the-domestic-reverse-charge>*

# Services excluded from the domestic reverse charge

The following services are not subject to the reverse charge:

- drilling for, or extracting, oil or natural gas
- extracting minerals (using underground or surface working) and tunnelling, boring, or construction of underground works, for this purpose
- manufacturing building or engineering components or equipment, materials, plant or machinery, or delivering any of these to site
- manufacturing components for heating, lighting, air-conditioning, ventilation, power supply, drainage, sanitation, water supply or fire protection systems, or delivering any of these to site
- the professional work of architects or surveyors, or of building, engineering, interior or exterior decoration and landscape consultants
- making, installing and repairing art works such as sculptures, murals and other items that are purely artistic
- signwriting and erecting, installing and repairing signboards and advertisements
- installing seating, blinds and shutters
- installing security systems, including burglar alarms, closed circuit television and public address systems

## Contact us

For further information or advice on relating to the VAT domestic reverse charge or any other business finance issue contact:

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