



This guidance tells you what you need to know about supplying adapted vehicles free of VAT to disabled wheelchair users.

If you are supplying an adapted motor vehicle to a disabled wheelchair user, or providing a service of adaptation, repair or maintenance, you must be sure that all the conditions of the relief are met before you make your supply free of VAT.

When can I zero-rate the supply of an adapted motor vehicle?

You can zero-rate the supply (including hire or lease) of an adapted motor vehicle when all the following conditions are met:

- the motor vehicle is supplied to a disabled person who normally uses a wheelchair to be mobile
- the vehicle is permanently and substantially adapted
- the adapted motor vehicle is for the domestic or personal use of the disabled wheelchair user, and
- the customer has given you a completed declaration, form VAT1615A *Declaration for zero-rated VAT supply of adapted vehicles and services*.

Each of these conditions is explained in more detail below and, for the purposes of this relief, the following definitions apply.

Definition of 'wheelchair' and 'wheelchair user'

In legal terms, a wheelchair is a chair on wheels for invalids, which is either manually propelled or electrically powered. A mobility scooter is not a wheelchair for VAT purposes.

A wheelchair user is a disabled person who normally uses a wheelchair in order to be mobile.

A person who occasionally uses a wheelchair such as:

- when visiting a shopping or garden centre, or
- temporarily because of a broken leg

does not normally use a wheelchair and is therefore not eligible for the relief.

A mobility scooter would usually have a central steering column and generally only be used outside the home.

What is an eligible adapted motor vehicle?

A motor vehicle seating no more than 12 people may qualify for the relief if it is designed or permanently and substantially adapted:

- for the carriage of a disabled wheelchair user, or
- specifically to allow a wheelchair to be carried on or in the vehicle.

A static or towing caravan with no means of independent propulsion is not a 'motor vehicle' for the purpose of this relief.

'Motor vehicle' includes:

- cars
- multi passenger vehicles (MPVs)
- light vans, and
- motorhomes.

What is meant by permanent and substantial adaptation?

An adaptation is permanent when it is intended to last indefinitely and cannot be removed quickly or easily. Generally the adaptation would require welding or bolting to the vehicle.

A substantial adaptation would alter the vehicle in a meaningful way, enabling a wheelchair user to use the vehicle which he or she could not use before it was adapted.

The adaptation must be both necessary and specific to suit the customer's individual needs. It must allow the disabled wheelchair user to either enter and drive, or enter and travel in the vehicle, or it must allow a wheelchair to be carried on or in the vehicle.

Examples of eligible adaptations

Qualifying adaptations may typically include any combination of the following:

- a swivel seat (where not offered as standard equipment, for example, in motorhomes)
- a hoist to lift a wheelchair into or onto the vehicle
- a specialist wheelchair box, fitted to the top or back of the vehicle
- adaptations that enable a wheelchair user to drive the vehicle, such as push/pull brake and accelerator, hand controls or other aids that operate the primary driving controls.

This is not an exhaustive list.

The following are **not** adaptations for the carriage of a disabled wheelchair user:

- the fitting of a standard roof rack or standard roof box
- the attachment of a trailer to the back of a vehicle
- the fitting of automatic transmission, or
- the fitting of parking/reversing sensors

because they are for general use and not specifically designed for disabled people.

This is not an exhaustive list.

The fact that the vehicle has been adapted does not, in itself, mean that it qualifies for VAT relief.

What about less significant adaptations that are neither permanent nor substantial?

If you are adapting goods (including motor vehicles) to suit the condition of a disabled customer, the supply of this service, together with the goods used in the adaptation process, may be zero-rated. The motor vehicle itself will not be eligible for VAT relief.

Please note: this is a wider relief available to all disabled people (and not just disabled wheelchair users). The relief does not extend to the cost of the goods being adapted.

What is meant by domestic or personal use?

To qualify for zero-rating the adapted vehicle you are supplying must be for the domestic or personal use of the disabled wheelchair user. This may also include vehicles that are to be used by the disabled wheelchair user in his work capacity provided this use is incidental to the vehicle's main use as a private vehicle.

You cannot zero-rate vehicles supplied to businesses regardless of who uses them or how they have been adapted. For example, you cannot zero-rate an adapted vehicle that is to be used as a taxi.

If you are supplying an adapted vehicle to a finance house, you must standard rate your supply. The finance house is purchasing the adapted vehicle for business purposes. The finance house may zero-rate its supply to the disabled wheelchair user (subject to all conditions for the relief being met).

Can I supply an adapted vehicle VAT-free to anyone other than a disabled wheelchair user?

Yes. HM Revenue & Customs (HMRC) accepts that in some circumstances a disabled wheelchair user may be unable to purchase and/or drive a motor vehicle themselves – although the sale of the vehicle to a person connected to them (for example, parent, other relative or carer) would directly benefit the disabled wheelchair user’s mobility. Provided that the purchase is primarily for the domestic or personal use of the disabled person rather than the personal use of the connected person, zero-rating can be allowed.

You may be required to obtain additional information and evidence to demonstrate this, such as:

- who is paying for the adapted vehicle?
- who will own the adapted vehicle?
- who is the registered keeper of the adapted vehicle?
- does the family member or carer have another vehicle for their use?
- where will the adapted vehicle be kept?
- who will use the adapted vehicle?
- what will the adapted vehicle be used for?
- how often will the disabled wheelchair user use the adapted vehicle?

Does the vehicle have to be registered in the disabled person's name?

No. As above, it is acknowledged that the disabled wheelchair user may not legally be allowed to have a vehicle registered in their name.

Is there a limit as to how many vehicles I can supply to the same disabled wheelchair user?

The relevant VAT legislation does not impose any specific limit on the number of vehicles that can be supplied to the same disabled customer. However, frequent purchases may contravene the ‘domestic or personal use’ condition.

If a disabled wheelchair user returns to purchase another adapted vehicle from you having already recently purchased a vehicle free of VAT (or if you are aware that they have recently purchased vehicles from other dealerships), HMRC would expect you to ask the customer:

- what has happened to the previous vehicle (if not being traded-in against the new purchase)?
- why did the customer decide not to retain the previous vehicle?
- what does the customer intend to do with the new vehicle and/or how long do they intend to keep it?

You should keep records of any questions asked and why the answers provided by the customer were considered credible or not.

If you are not satisfied with any of the answers provided by the customer, you must refuse to supply the vehicle free of VAT.

Can I supply a second-hand adapted vehicle free of VAT?

Yes. A second-hand adapted vehicle can be zero-rated if all of the previously mentioned conditions are met.

Although second-hand cars are usually sold on the Second-Hand Margin Scheme, an eligible vehicle can be sold outside that scheme and invoiced in the normal way. To do this you should close the entry in your margin scheme stock book, with a reference to the reason. You can then invoice the vehicle in the normal way outside the margin scheme.

Can I zero-rate the repair or maintenance of an adapted motor vehicle?

Yes. You can zero-rate the repair or maintenance of an adapted motor vehicle when:

- the work relates to a vehicle (or the adaptation to a vehicle) that was zero-rated when originally supplied, and
- you hold a valid eligibility declaration from your customer.

If you did not supply the vehicle you will need to check the original purchase or adaptation invoice for the vehicle to confirm that the supply was made at the zero-rate. You should also retain a copy for your records.

What evidence should I retain to support zero-rating?

Whilst there is no legal requirement for your customer to provide a certificate or declaration confirming their eligibility to receive the supply at the zero-rate of VAT, it is strongly recommended that they do so. There is no need to use the eligibility declaration, form VAT1615A provided with this guidance, although you will be expected to demonstrate that the conditions for zero-rating have been met.

Eligibility declarations - what are my responsibilities?

You are responsible for ensuring that you are charging the correct amount of VAT.

- You must be satisfied that the declaration made by the disabled wheelchair user is valid before signing your section of the form.
- In signing your section of the form you are identifying the vehicle you have supplied and the adaptations made to it.
- You should be able to show that you have taken reasonable steps to confirm the validity of the declaration. You may wish to ask for additional information or documents to support a claim for VAT relief, such as relevant correspondence.
- You must not accept a declaration that you know or suspect to be untrue.
- You should retain the declaration and any supporting documents as part of your VAT records.

Can I accept an electronic declaration?

Yes. You can accept electronic declarations such as those sent over the internet or by fax. Not all electronic declarations will include a signature, as not every customer will have the means to incorporate a signature in such a document. In these circumstances it is important that you keep evidence of the origin of the document, for example the email message incorporating the sender's address.

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

Please note: particular care should be taken to determine the eligibility of internet sales or where the disabled wheelchair user cannot or does not attend your premises in person.

Need more information?

If you would like more help:

- Go to www.hmrc.gov.uk
- Phone our VAT Disabled Reliefs Helpline on 0845 302 0203 and select option 1.

Our helpline is open Monday to Friday from 8am to 5pm.

- Contact us by secure email on <http://www.hmrc.gov.uk/charities/vat-relief-disabled.htm>

- Write to us at:

HM Revenue & Customs
VAT Disabled Reliefs Team
St John's House
Merton Road
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