

## **VATR 21**

### **Facts**

P Ltd was issued with a letter of intent for an IRS project on 16 June 2006, that is prior to 1 October 2006. The IRS project will include the construction of 20 Standard 4 bedroom villas and amenities. A detailed list of the building works and services which are part of the IRS project was submitted in annexes to the application.

### **Point in issue**

Whether the exemption under item 65 of the First schedule to the VAT Act is applicable to all costs associated with each of the building works and services listed in annexes to the application.

### **Ruling**

Item 65 of the First Schedule to the Act provides for the exemption of the "construction of a building or part of a building, flat or tenement (excluding repairs and renovations) to be used for residential purposes .....Construction works on the 20 Standard 4 bedroom villas and works and services directly connected to the construction of those villas supplied to P Ltd by the main contractor and subcontractors nominated by the main contractor in advance and the services supplied by architects, engineers and quantity surveyors for the design and management of the works directly connected with the construction of the villas are exempted from VAT.

However, works and services related to the provision of amenities forming part of the IRS project such as landscaping, golf amenities, beach restaurant, boat house and swimming pool, the furnishing of the buildings and the marketing and financial management of the project would not fall under Item 65 of the First Schedule to the Act.