

PUBLIC CLARIFICATION – LABOUR ACCOMMODATION: RESIDENTIAL VERSUS SERVICED PROPERTY

LABOUR ACCOMODATION AS RESIDENTIAL PROPERTY	LABOUR ACCOMODATION AS SERVICED ACCOMODATION
<p>Labour accommodation shall be treated as residential where:</p> <ol style="list-style-type: none"> 1. It is occupied as principal place of residence. 2. It is building which is fixed to ground. And which cannot be moved. 3. Constructed or converted lawfully. 4. It is not similar to hotel, motel, and bed & breakfast establishment. 	<p>Residents may be provided with additional services on top of the living accommodation. In such cases, it is necessary to consider whether the extent of the additional services provided would move the supply from one of residential accommodation to serviced accommodation. Each scenario must be assessed on its actual facts.</p>
<p>Services normally supplied along with residential property</p> <p>Such incidental services may include, but are not limited to, the following:</p> <ol style="list-style-type: none"> 1. cleaning of communal areas; 2. maintenance services required for the general upkeep of the property; 3. pest control; 4. garbage collection; 5. security; 6. utilities e.g. electricity, water, etc.; 7. access to facilities within the building for residents to use themselves, e.g. launderette facilities, gym, pool, prayer rooms etc. 	<p>Additional services indicating a supply of serviced accommodation</p> <p>The additional services which may indicate that the supply is one of serviced accommodation, rather than residential accommodation, includes but is not limited to the following:</p> <ol style="list-style-type: none"> 1. Telephone & Internet access. 2. cleaning of the rooms, other than purely the communal areas of the property; 3. Laundry services, including the regular changing of bed linen. 4. Catering. 5. Maintenance services other than those required for the general upkeep of the property.
<p>A residential building shall be exempt from VAT (or zero-rated if the first supply).</p>	<p>Serviced accommodation shall be standard rated.</p>

SUPPLIER OF LABOUR ACCOMODATION (RESIDENTIAL OR SERVICED) SHOULD ALSO CONSIDER WHETHER THEY ARE MAKING A SINGLE COMPOSITE SUPPLY OR MIXED SUPPLY WITH SEPARATE COMPONENT PART.

SINGLE COMPOSITE SUPPLY	MIXED SUPPLY
<p>Where a single composite supply is made, the entire consideration for the supply shall be subject to the VAT treatment of the principal component.</p>	<p>Where a mixed supply is made, each component part must be valued and the correct VAT treatment applied to each component part</p>
<p>Single composite supply exist where:</p> <ol style="list-style-type: none"> 1. Where there is supply of principal component and component/s which are essential for supply, including components which normally accompany the supply. 2. Two or more elements are closely linked which are impossible/unnatural to split. <p>Note: Single price should be charged and should be supplied by a single supplier.</p>	<p>Where a supplier supplies more than one component for one price and the supply is not a single composite supply, then the supply of the components shall be treated as multiple supplies i.e. whether they are subject to VAT or not.</p>

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