



ERRATUM FOR VAT ON PROPERTY 2008

There are a number of printing error's such as the minus ("~~-~~") and equal signs ("~~=~~") have been printed as "~~x~~". The corrections are highlighted in red.

Page	Should Read:						
102	$\frac{A - B}{12 - Y}$						
103	<p style="text-align: center;"> $\text{VAT} = \frac{\text{€}1.35 \text{ million} - \text{€}135,000}{12 - 2} = \text{€}121,500$ </p> <p><i>By dividing the VAT amount by 21% we can figure out the amount of rent that needs to be paid every year.</i></p> <p><i>Rent = €121,500/21% = €578,571</i></p>						
104	$\frac{\text{€}1,350,000 - \text{€}900,000}{12 - 8} = \text{€}112,500$						
120	<p style="text-align: center;"> $\frac{A \times (10 - B)}{10}$ </p> <p>A = the amount of VAT on the cost of the holiday home. B = the number of full years the holiday home was let.</p>						
149	<table border="1" style="width: 100%;"> <tr> <td style="width: 40%;">Total Reviewed Deductible Amount</td> <td style="width: 20%; text-align: center;">= Total Tax incurred</td> <td style="width: 40%; text-align: center;">x Initial interval proportion of deductible use</td> </tr> <tr> <td colspan="3">Total Reviewed Deductible Amount = €2,700,000 x 20% = €540,000.</td> </tr> </table>	Total Reviewed Deductible Amount	= Total Tax incurred	x Initial interval proportion of deductible use	Total Reviewed Deductible Amount = €2,700,000 x 20% = €540,000.		
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154	<p>Average Proportion of Deductible Use = $\frac{243\%}{20} = 12.15\%$</p> <p>Overall VAT recovery entitlement = €2,700,000 X 12.15% = €328,050</p>						
164	(C - D) x N						
165	<p>Adjustment Calculation</p> <p>Reference deduction Amount = €2,025,000/20 = €101,250</p> <p>Interval deduction amount = €135,000 X 20% = €27,000</p> <p>Adjustment €101,250 - €27,000 = €74,250.</p> <p>...</p>						

<p>165 cont'd</p>	<p>Consequence 1 – the repayment of VAT Because the proportion of deductible use has fallen by more than 50% in the ninth interval we have to apply the formula:</p> $(C - D) \times N$ <p>Where</p> <p>C = Reference deduction amount which is €101,250 D = Interval Deduction Amount which is €27,000 N = Number of full intervals remaining plus 1 which is 11 + 1 = 12 (€101,250 – €27,000) X 12 = €891,000.</p>
<p>166</p>	<p>Interval 9 – 1 January 2019 – 31 December 2019</p> <p>...</p> <p>The Total Reviewed Deductible Amount becomes €2,700,000 X 20% = €540,000 The reference deduction amount for future intervals becomes €540,000/20 = €27,000</p> <p>Interval 10</p> <p>...</p> <p>Reference deduction Amount = €27,000 Interval deduction amount = €135,000 X 30% = €40,500 Adjustment = €27,000 – €40,500 = €13,500</p>
<p>168</p>	<p>Therefore the claw-back is $\frac{€270,000 \times (14 - 1)}{20} \times €202,500$.</p>
<p>211</p>	<p>Example 1</p> <p>A grants a lease to B on 1 January 2005 . It is a 15 year lease. On 1 July 2010 B assigned the lease to C. There was 9 years and 6 months remaining on the lease.</p> <p>Because B acquired his interest by way of a grant of the lease the adjustment period is 15 years (i.e. the number of full years in the lease when granted).</p> <p>Applying the formula you arrive at:</p> <p>N = the number of full intervals remaining in the adjustment period plus 1. There are 9 full intervals in the adjustment period plus 1 is 10.</p> <p>Y = the number of intervals in the adjustment period. There are 15 years or intervals in the adjustment period.</p> <p>The VAT payable therefore is</p> $\frac{\text{VAT paid} \times 10}{15}$
<p>211</p>	<p>Example 2</p> <p>A grants a lease to B on 1 January 2000. It is a 35 year lease. On 1 December 2014 B assigned the lease to C. There was 20 years and 1 month remaining on the lease.</p> <p>Because B acquired his interest by way of a grant of the lease the adjustment period is 20 years (i.e. the lesser of 20 years and the length of the lease when granted).</p> <p>Applying the formula you arrive at:</p> <p>N = the number of full intervals remaining in the adjustment period plus 1. There are 5 full intervals remaining in the adjustment period plus 1 is 6.</p> <p>Y = the number of intervals in the adjustment period. There are 20 years or intervals in the adjustment period.</p> <p>The VAT payable therefore is</p> $\frac{\text{VAT paid} \times 6}{20}$