How St Andrews Men's Shed Reclaimed £10,000 of VAT from HMRC

This guide explains how St Andrews Men's Shed (StAMS) used the DIY Housebuilders Scheme to reclaim VAT on eligible materials for a new charity building. It sets out the main eligibility rule, compares the two reclaim routes, summarises the evidence needed, and records the practical lessons from the claim.

1. Eligibility: new charity buildings only

The most important point is that the building must be a new build. VAT relief does not normally apply to refurbishments, routine repairs, or standard extensions.

2. Choose the reclaim route

- **Check whether the building qualifies:** relief applies to a brand-new building or a complete rebuild used for qualifying charitable purposes.
- **Decide who is buying the materials:** the best route depends on whether a contractor is supplying the build or the charity is buying materials directly.

Option A: zero-rating through the contractor

- **Best when:** a builder or contractor is supplying eligible construction services for a qualifying charity building.
- **How it works:** the charity gives the builder a written eligibility declaration so the builder can charge 0% VAT on qualifying construction services.
- **Limitations:** professional fees, such as architect and surveyor fees, usually remain standard-rated.

Option B: reclaiming VAT on materials

StAMS chose Option B because the Shed intended to do a significant amount of the construction work itself. Under this route, the charity pays VAT on eligible materials and then reclaims it using the online service or the VAT431NB form.

3. Evidence needed for the claim

Before submitting the claim, gather the documents HMRC is likely to require.

- include the building regulation completion certificate — they accept copies
- provide evidence of planning permission — either full planning permission or outline planning permission and approval of reserved matter
- include plans of the building

The claim must be submitted within 6 months of the Completion Certificate being issued.

4. Completing and submitting the claim

The VAT431NB form includes a series of tables, so it is important to keep invoices organised and match each entry to clear supporting evidence.

5. Invoice and payment lessons

Example 1

Invoice number	Date of invoice DD MM YYYY	Description of items included in claim	Supplier name	VAT Registration Number	Invoice total for allowable items included in claim	Amount of VAT paid for allowable items	Is the invoice in your name (Y/N)
123456	**05/12/2023**	**20 boxes of tiles**	**ABC Ltd**	**123456789**	**£360**	**£60.00**	**Y**

- **Use the charity name wherever possible:** invoices should show the Shed name and ideally be paid directly by the Shed.
- **Record member purchases carefully:** where members bought materials on personal credit cards and claimed reimbursement, each invoice was scanned and each refund was made as an individual bank transfer.
- **Avoid weak evidence trails:** petty cash reimbursements are harder to evidence later and should be avoided where possible.

6. Excluding grant-funded VAT

Several grant funders agreed to pay the VAT on individual projects, so StAMS excluded those items from the claim. For example, Crown Estate Scotland funded solar panels and a battery system, and that grant included the VAT cost.

7. Timing, outcome, and takeaway

HMRC indicated that the claim would be dealt with within 3 months, but StAMS waited 8 months and made 6 monthly phone calls before receiving a result. The initial claim was for £13,500 of VAT on building materials; the refund paid was £10,000, with no explanation of which invoices were not accepted. The main lesson is to claim early, keep invoice evidence clean, exclude VAT already covered by funders, and expect delays or deductions.