



VAT: refunds of non recoverable VAT for the London Legacy Development Corporation

Who is likely to be affected?

The measure applies to the London Legacy Development Corporation.

General description of the measure

This measure will specify the London Legacy Development Corporation (“LLDC”) as a body to which section 33 of the VAT Act 1994 applies. This will entitle the LLDC to refunds of VAT in respect of their non-business activities.

Policy objective

The Government’s objective is that irrecoverable VAT should not be a cost borne from local taxation. This is achieved by refunding to named bodies the VAT they incur on purchases made to support their non-business activities.

Background to the measure

During the bid to host the Olympic and Paralympics Games, promises were made to redevelop the Olympic Park after the Games had finished. The promise was to provide social, economic and environmental benefits for local communities. The Olympic Park is in a Mayoral Development area and the LLDC was established under the Localism Act 2011 for the purpose of providing this sustainable legacy. The Government wants to ensure that the associated VAT incurred in the redevelopment of the Olympic Park is refunded.

Detailed proposal

Operative date

The Statutory Instrument will have effect from 1 April 2015.

Current law

Section 33(1) requires the Commissioners of HM Revenue & Customs (HMRC) to refund to bodies the VAT they incur on purchases, acquisitions and imports made in connection with their non-business purposes. Some of these bodies are named in section 33(3), some are specified under the power to do so in section 33(3)(k).

Proposed revisions

The Treasury is using its power under section 33(3)(k) to specify the LLDC Corporation as a body to which section 33 applies, and which will therefore be entitled to reclaim VAT under section 33(1).

Summary of impacts

| Exchequer impact (£m) | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 |
|---|--|------------|------------|------------|------------|------------|
| | - | negligible | negligible | negligible | negligible | negligible |
| This measure is expected to have a negligible impact on the Exchequer | | | | | | |
| Economic impact | The measure is not expected to have any significant economic impacts | | | | | |
| Impact on individuals, households and families | <p>This measure will have no direct impact on individuals and households as it applies only to the London legacy Development Corporation.</p> <p>This measure will have no impact on family formation, stability or formation.</p> | | | | | |
| Equalities impacts | This measure will have no impact on any equality group. | | | | | |
| Impact on business including civil society organisations | This measure is expected to have no impact on businesses and civil society organisations. This is because the change only applies to the London Legacy Development Corporation. | | | | | |
| Operational impact (£m) (HMRC or other) | VAT refunds will be dealt with by established HMRC procedures. There will be no additional operational resource cost. | | | | | |
| Other impacts | Other impacts have been considered and none have been identified. | | | | | |

Monitoring and evaluation

The VAT issues of the LLDC are dealt with by a dedicated unit within HMRC and normal audit activity will monitor whether the changes are working as intended.

Further advice

If you have any questions about this change, please contact Jo Turner on 03000 589470 (email: jo.turner@hmrc.gsi.gov.uk).