

Report to the Council

Portfolio: Governance & Development Management

Date: 18 February 2016

Subject: Overview and Scrutiny Rule 21 (Special Urgency)

1. LOCAL LAND CHARGES - APPLICATION OF VAT TO SEARCH ENQUIRIES

Recommending:

To note that the Chairman of Council agreed that the following decision of the Governance and Development Management Portfolio Holder (21 January 2016) be treated as a matter of urgency and not be subject to the call-in provisions in accordance with Overview and Scrutiny Rule 21 (Call-In and Urgency):

(a) That from 1 February 2016, in line with new requirements of HM Revenue & Customs, the standard rate of VAT be added to the Council's fee for Local Land Charges Search Standard Enquiries (Form CON29R) and Optional Enquiries (Form CON29O).

- 1.1 The Local Authorities (England) (Charges for Property Searches) Regulations 2008 came into force on 23 December 2008, setting out a cost recovery method for calculating property search fees. With effect from 1 April 2015, the Council's fee for a basic Local Land Charge search was £85.00, although Value Added Tax (VAT) had not previously been applied to search fees.
- 1.2 The Council had recently been advised that HM Revenue & Customs (HMRC) had determined that VAT at the standard rate of 20% must be applied to all Standard and Optional Search Enquiries contained on Form CON29R and CON29O with effect from 1 February 2016.
- 1.3 In response to the new HMRC requirements, it was proposed that VAT be added to the Council's fees for all CON29R and CON29O enquiries. This approach ensured that Local Land Charges services continued to be provided on a cost recovery basis and avoided a situation where a net loss of income from searches would accrue to the Council. This was also the approach being taken to the new VAT requirements by a majority of local authorities.
- 1.4 The Chairman of the Council agreed to waive the call-in procedure set out in Overview and Scrutiny Rule 21 of the Constitution, as any delay likely to be caused by the call-in process would seriously prejudice the Council's interests, as result of the inability to apply the standard rate of VAT to search enquiries from 1 February 2016 in accordance with the requirements of HMRC.