

## VAT Free Vehicle Overview

### Qualifying for a VAT Free Vehicle

Some people with disabilities are eligible to purchase an adapted vehicle with zero-rated VAT. There is a limit of one VAT exempt vehicle purchase for an eligible individual every 3 years.

For a vehicle to be sold VAT Free the following conditions must apply:

- The vehicle must be substantially and permanently adapted
- The disabled person must use a wheelchair in order to be mobile

A vehicle is adapted for a disabled wheelchair user if it is substantially and permanently adapted to meet the specific need of that person's disability and the adaptation is necessary and:

- allows the disabled person to travel in the vehicle
- allows the disabled person to leave the vehicle
- allows the disabled person to drive the vehicle

These regulations are governed by VAT Notice 1615 and the guidance sheet is available on the gov.uk website. The above information is for guidance only and confirmation of qualification for purchasing a VAT Free vehicle should be gained from HMRC if you are unsure.

### Invoicing Process

If you are purchasing a VAT Free vehicle we must invoice the dealership for the adaptations and they will add the cost of these adaptations to your vehicle purchase.

In order to ensure compliance with the VAT Free regulations the following procedure should be followed:

- to satisfy Type Approval regulations the vehicle must be registered prior to adaptation
- adaptations should be fitted
- adaptations must be invoiced from the installer to the dealership (including VAT as this is a business to business transaction)
- the vehicle and adaptations must be invoiced to the customer on one invoice (this whole invoice can be zero rated for VAT)

If the customer is paying for the vehicle directly, the invoice from the dealership should be presented and a signed VAT certificate (obtained from HMRC website) should be kept by the dealership with a copy of the invoice.

If the customer is having finance, the finance company should be invoiced for the vehicle and adaptations as above, however it is a business to business transaction and the VAT should be charged at the usual rate. The finance company should then invoice the customer directly (as above) charging the VAT and 0%. A signed VAT exemption certificate should be kept by the finance company.

For full VAT Free Vehicle information, please visit the gov.uk website, VAT Notice 1615.