

For immediate release: 17th October 2017

VAT THRESHOLD

The Residential Property Surveyors Association (RPSA) is a professional body that represents Independent surveyors providing Building Surveys and Home Condition Surveys to home buyers across England and Wales.

The Council of RPSA have instructed me to write to you to formally request that you review the VAT Threshold for small businesses. The current threshold is a growth inhibitor for many RPSA members and ultimately may be costing the Exchequer, and thus the taxpayer, much needed tax revenue.

There is a shortage of residential surveyors in England and Wales and procuring a survey in a timely fashion can at times put transactions at risk and further damage the smooth operation of the housing market. This problem is compounded by smaller independent surveyors withdrawing from the market as they approach the VAT threshold. Registration for VAT with all the attendant reporting bureaucracy is a significant barrier for small services businesses, and many simply decide to limit their business revenue below the threshold and withdraw from the market until the next tax year. It is unfortunate that this coincides with one of the highest demand points for residential property surveys in the calendar year.

In surveying, a very high percentage of business revenue passes on to the surveyor as income and those members that withdraw their services from the market are invariably higher tax payers. Were the VAT Threshold to be raised from £83,000 to (say) £150,000 (the point at which the income tax additional rate kicks in), the Exchequer would see an increased level of tax through our members paying 40% income tax on increased earnings achieved by continuing to work past the VAT threshold.

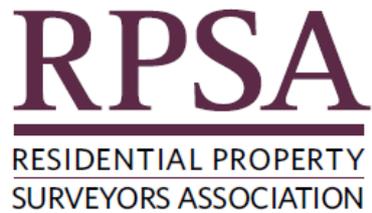
In addition, if the VAT threshold is raised there is the greater likelihood of RPSA members taking on apprentices and helping them to train as qualified surveyors for the future. This is particularly relevant as there is an existing shortage of residential surveyors, a position which is expected to get worse over coming years.

If the current VAT threshold is a constrain on business growth for surveyors, surely it must also be so for other professions and small businesses across England and Wales. To artificially limit economic activity through a low VAT threshold that clearly disadvantages small business seems illogical. Particularly when such a limit may ultimately be a constraint on tax revenues for the Exchequer.

It is important to note, that by increasing the VAT threshold, homebuyers using smaller specialist residential surveyors would benefit from lower costs for surveys, which would averagely translate into savings of £100. This is significant when looking at the overall cost of the homebuying process.

Residential Property Surveyors Association is a Company Limited by Guarantee
Registered in England and Wales No 05664607

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Notes to editors

The Residential Property Surveyors Association (RPSA) is a representative body for independent specialist residential Surveyors who are accredited by the internationally recognised Surveyor And Valuer Accreditation (SAVA), which is part of National Energy Services (NES).

The RPSA is dedicated to working for its members to deliver a range of surveying products of the highest possible quality to serve the needs of consumers, and to raise overall standards of residential surveying for both home sellers and home buyers.

The RPSA is a not for profit limited company that is directed by a council of members, all of whom are board members of the company. The council members each represent a discrete geographical part of the country and act as a point of contact for the RPSA membership in their region.

www.rpsa.org.uk

Contact

For further information or to set up an interview contact Gemma Keeling – 08000 933502 or by email gemma@rpsa.org.uk

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