

Cancellation of a holiday home election

This document should be read in conjunction with section 8(2) and paragraph 11 of Schedule 3 to the VAT Consolidation Act 2010 (VATCA 2010), and Regulation 3 of the Value-Added Tax Regulations, 2010.

Document last reviewed November 2022



Introduction

This guidance sets out the VAT treatment in relation to the cancellation of an election to register for VAT in respect of supplies of holiday home accommodation. A person who elects to register for VAT in respect of supplies of holiday home accommodation may be required to pay a cancellation amount on the cancellation of that election.

1 Holiday home acquired or developed on or after 1 July 2008

The cancellation of the election to register for VAT in respect of the supply of holiday home accommodation may require an adjustment under the [Capital Goods Scheme \(CGS\)](#). This adjustment is based on the VAT claimed on the acquisition or development of the property. Please see [VAT on Property](#) for further information relating to the CGS.

1.1 Holiday home acquired or developed before 1 July 2008

Where a holiday home was acquired or developed before 1 July 2008, specific rules apply to the cancellation of the election to register for VAT in respect of the supply of holiday home accommodation. Where your election to register for VAT in respect of holiday home accommodation is cancelled within 10 years, you must pay a cancellation amount to Revenue. This cancellation amount is based on the tax deductible on the acquisition or development on the property and the length of time during which the election had effect. If you cancel your election after a short period of time, you will be liable to repay proportionately more VAT, on cancellation of the election, than if you cancel after a longer period.

2 How is the cancellation amount calculated?

The cancellation amount for properties acquired or developed prior to 1 July 2008 is calculated based on the following formula:

A. multiplied by (ten minus **B.**) divided by ten

where

A. is the tax deductible (or which would have been deductible but for the operation of the transfer of business rules) on the acquisition or development of the immovable property

and

B. is the number of full years it was let.