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Dear Mr Sunak

**Supporting construction recovery during the pandemic – VAT reduction for construction works to existing buildings**

I am writing to request that the UK Government reduces to 5% the VAT that requires to be charged when existing buildings are repaired, maintained or improved. You will be aware that successive Scottish Ministers have made such requests at various points in recent years but the exceptional circumstances faced by the construction industry as a result of the pandemic has brought this issue to the fore once again.

We have established a collaborative forum with representatives of the construction industry in Scotland which is now focused on recovery planning. It is at the request of industry that I write to urge you to reconsider this vitally important matter with a view to delivering the stimulus that this VAT reduction would provide. Many industry partners have commented that this is probably the single most significant change that could support recovery in the domestic construction sector.

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You will be familiar with the arguments to support such a reduction in VAT but I believe that these arguments are greatly heightened by the exceptional circumstances in which we find ourselves. Most notably;

1 A reduction in the cost of such work would undoubtedly encourage and enable domestic investment (which can be undertaken safely under well-developed safe operating practices which have been developed and adopted by industry) at a time when many households are reluctant to invest due to financial uncertainty.

2 The pandemic is clearly bringing major changes in our working and home lives and existing buildings need to be adapted in order to support these new patterns of behaviour. Without this we risk losing buildings that could have been re-purposed and may well force people to work in unsatisfactory conditions at home. A reduction in VAT would significantly increase building flexibility and also send a clear signal that Government is actively responding to these changing patterns.

3 In responding to the climate crisis it is essential that we make best use of existing buildings and the current favourable VAT treatment for new buildings is a perverse incentive in this respect. Making our existing buildings as heat and energy efficient as possible will be critical to meeting our net zero carbon emissions in the future and a reduction in VAT would undoubtedly incentivise such investment.

This suggestion is made constructively with, and on behalf of, our industry partners and we hope that you are able to respond positively in the interests of a sector that plays such a crucial economic role – especially at this unprecedented time.



**KEVIN STEWART**

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