

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

2 February 2021

Dear Chancellor

VAT Reverse Charge

You may be aware that Build UK, the leading representative organisation for the UK construction industry and a member of the Construction Leadership Council, is part of the coalition that sent the attached letters (dated 10 December 2020 and 14 January 2021) calling for the withdrawal of plans to introduce VAT Reverse Charge in construction. I recognise that you have a long list of issues to deal with at the moment and you may not have had chance to consider or respond to our request; however, I want to make sure that our position on this issue is absolutely clear.

I understand the need to deal with companies that do not pay their VAT when due or even at all. However, the VAT Reverse Charge penalises those companies that *do* comply with their tax obligations and will significantly restrict cash flow within the construction supply chain, particularly impacting the financial stability of hundreds of thousands of SMEs with the potential for loss of jobs and project delays. The legislation would have this effect at any time but, given the strain that construction companies are currently under during this extended lockdown, its introduction in just four weeks on 1 March comes at the worst possible time.

Build UK and its members appreciate the Government's recognition of the role the construction sector is playing in the economic recovery. We have been delighted to collaborate with your colleagues in the Cabinet Office and BEIS to prepare for and start to deliver the Government's 'Build Build Build' strategy, which will provide long-term benefits for the UK.

There are many challenges at this time and I understand that you have a limited source of funds at your disposal. However, withdrawing the implementation of the VAT Reverse Charge does not require additional funds from you, and I would suggest it is one of the easier requests to consider. It would also demonstrate support for a sector that has continued to work safely throughout the most challenging of circumstances.

I urge you to withdraw the introduction of the VAT Reverse Charge and I am available to discuss the matter with you directly at any time.

Yours sincerely



Suzannah Nichol MBE
Chief Executive