

**UNIVERSITY COLLEGE CORK**  
**FINANCE OFFICE**  
**RCT ON THE HIRE OF PLANT AND MACHINER WITH AN OPERATOR**

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EXTRACT FROM THE DEFINITION OF 'CONSTRUCTION OPERATIONS'

*S.530(e) operations which form an integral part of, or are preparatory to, or are for rendering complete such operations as are described in paragraphs (a) to (d), including site clearance, earth-moving, excavation, tunnelling and boring, laying of foundations, erection of scaffolding, site restoration, landscaping and the provision of roadways and other access works*

#### REVENUE GUIDANCE

This paragraph brings a whole range of activities within the definition of construction operations. Not just the specific activities mentioned in the legislation are covered but any activities that could be considered to be integral to an overall construction project. For example the hire of a crane with a driver, or where the subcontractor erects and dismantles the crane, would be covered by this definition, as would the erection of scaffolding and the hire of skips to remove waste material related to construction activity. The hire of plant and machinery such as JCB's with an operator is a relevant construction operation as this is specialised machinery for use as an integral part of an overall construction operation. Such machinery would generally be provided with an operator and would only be provided without one where the builder doing the hiring has a special licence to operate the machinery. The hire of machinery without an operator is not a construction operation and hire payments made in these circumstances are not subject to RCT.

Revenue further clarified in e-brief No 46/14

The hire of plant and machinery with an operator is also considered a relevant construction operation. In general, an operator is provided for specialised machinery where used as an integral part of an overall construction operation and would only be provided without an operator where the Principal has a special licence to operate the machinery.

Payments in respect of the hiring of such machinery with an operator are subject to RCT. However, RCT does not apply where an operator is not provided with the machinery.

#### VAT RATE

In accordance with Revenue guidance, some construction services come under the scope of RCT, but are subject to VAT at the standard rate, currently 23%.

These include the hire and erecting of scaffolding, the hire and erecting of temporary fencing & the hire of crane and driver...

These services are subject to the reverse charge mechanism and the rate of VAT is 23%. These are only some of the construction services within the scope of RCT that are subject to VAT at 23%.

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The following is an indicative list of plant and machinery where the provision with an operator should be subject to the reverse charge mechanism at the reduced rate of VAT, currently 13.5%

- Excavators/Traxcavators/Diggers
- Trench cutters with loader attachment
- Bulldozers
- Graders
- Scrapers
- Road Rollers
- Vibrating Rollers
- Hand Vibrating Rollers
- Macadam laying and spreading machines
- Verge Trimmers
- Hedge Cutters
- Sludge disposal units
- Sludge pumps/tankers
- Excavators with rock breaker
- Kango hammers
- Compactors
- Tar spraying machines

The provision **with an operator** of other items of plant and machinery i.e. cranes, JCB's etc. is liable to VAT at the standard rate of VAT, currently 23%.