

Capital Allowances

Over 50% of commercial property owners have not made a capital allowances claim - are you one of them?

With up to 40% of a building being tax relievable, this is the time to look at your portfolio and ask if you are eligible to claim - if you don't ask, you won't know!

**WORKING
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YOUR FUTURE

Lack of expertise is often the reason many accountants shy away from these difficult and complex claims. Working in conjunction with other specialist professionals we can help ensure that you are not paying more tax than you have to.

The specialists that we work alongside:

- ⇒ have a team of capital allowance advisors
- ⇒ have their own surveyor
- ⇒ will make non-chargeable and no risk visits to your buildings to determine if you have a claim
- ⇒ will get all required details of costs from you / your contractors / your solicitors to process the claim for you

What you might not know you can claim for

Capital allowances can no longer be claimed on buildings themselves, but it's the internal fixtures, performing an active function, where the potential lies.

For example:

- ◆ Plumbing, heating, powered ventilation, external solar shading
- ◆ Lifts, but not the lift shaft
- ◆ Roller shutter door machinery, but not the door
- ◆ Decoration in pubs and restaurants which give ambience
- ◆ Air conditioning
- ◆ Alarms and emergency lighting

When to ask for advice

- ⇒ When you build, extend or refurbish a commercial property – most qualifying items get lost in the documentation, so you need help to identify them and make a claim.
- ⇒ If you already have a property portfolio which is several years old – provided you still own and use the property, it's possible to look back indefinitely (you will need all purchase and refurbishment details though).
- ⇒ If you buy a commercial property straight from the developer – because you only pay a price for the building, the individual parts may not be evident and, with claims available of up to 40%, it does pay to ask an expert.
- ⇒ If you buy or sell a second hand commercial property – from March 2014, you can only make a claim for second hand fixtures if they were claimed for by the previous owner – so you need to check, and as a vendor you must keep copies of all relevant documentation whilst you own a property.

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Average Claims for Capital Allowances

Type	% of Expenditure
Hotels	15 - 40
Care Homes	20 - 40
Offices	12 - 40
Retail	3 - 25
Industrial	5 - 25
Furnished Holiday Lets	10 - 25

The good news is that it's not too late to consider a claim – it's certainly a must if you are about to buy a property as you can fully maximise the savings potential at this stage.

These tax savings often run into tens of thousands of pounds, as you can see from practical examples that have been undertaken by our specialists.

Historic review for Property Investment business and arcade operator

A review of the company's historic capital expenditure, which resulted in the identification of additional capital allowances in excess of £2.6 million, saving the client over £484,000 in tax relief. Some of the savings were achieved on buildings acquired 17 years ago.

New build – Office

The acquisition of an office building at a cost of £563,000. A detailed review of the expenditure was performed which identified eligible plant of £187,000, resulting in a cash saving of approximately £74,000.

Fit-out and refurbishment – Yorkshire based restaurant chain

Engaged to perform a detailed capital allowance review of all of the building expenditure ensuring that all elements of plant were identified and that claims for enhanced capital allowances were made where possible. The tax saving associated with the exercise amounted to approximately £795,000.

Historic review – Licensed Pub

The review of two freehold pub acquisitions which had been undertaken by the client a few years previous. The result of the review was that the client received a cash repayment from HMRC for overpaid tax in the prior year and cash saving over time of almost £96,000.

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