

# Acquisition Solutions

## Capital Allowances

Roche Associates

Capital Allowances & Tax Solutions

Acquiring a property represents a significant capital outlay for investors and occupiers. **A significant proportion of this cost could be mitigated with capital allowances acquisition planning.**

### The issue

- Commercial rationale and speed to acquire have long dominated property acquisition strategies.
- Transactions are traditionally rapid processes with little time for 'peripheral' considerations.
- Increasingly, as market competition escalates, **purchasers and property owners are asking more from their property assets.**
- Tax relief is rarely incorporated into property acquisition processes and when it is the advice is often too late to maximise the relief available.

### The relief

- Capital allowances are available to purchasers who incur capital expenditure on property acquisitions.
- The relief is available as a deduction from profits but can easily be matched against capital outlay.
- The relief can represent **cash savings of as much as 20%** on the acquisition cost.
- The saving can sometimes be received as a cash settlement by arrangement and negotiation with the Vendor.

### Our approach

- We are a team of tax qualified property professionals with Big 4 accountancy experience at senior levels.
- We have the right combination of skills to understand the tax, accounting and valuation issues that arise in property acquisitions.
- We work **with** your existing tax and project advisers in a highly specialised capacity.
- We offer a complete solutions-based service from prior claim investigation, transaction, and entitlement reviews through to report preparation and securing the best possible claims with HM Revenue & Customs.

### The detail

- The relief is available to purchasers who acquire property for the purposes of their trade.
- Establishing an entitlement to claim capital allowances is not an exact science.
- The quantum of relief is sometimes restricted by the Vendor's tax position.
- A just apportionment may be required if there is no prior tax claim.
- Capital elections may be employed to jointly fix disposal and claim values.

### The numbers

For an Investor incurring **capital expenditure of £2,000,000 on the purchase of an office building:**

Purchase price 2,000,000

Expenditure qualifying for relief (600,000)  
(Say 30%)

Overall tax saved through relief  
(at 30% large companies rate) 180,000

**A 9% cash saving of £180,000**

### How we can help

- If tax is considered at pre-acquisition stage, the potential claim quantum can be incorporated into the acquisition strategy.
- New and more highly specified properties may offer the greatest potential savings.
- Industrial properties and hotels may offer additional relief on property acquisition costs.
- Failing to consider tax early enough in the acquisition process may reduce the saving potential but some relief may still be available.

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