

Enhanced Capital Allowances

Roche Associates

Capital Allowances & Tax Solutions

Enhanced Capital Allowances (ECAs) were introduced by the Government as an incentive to invest in energy efficient technologies and reduce carbon emissions.
100% of all eligible expenditure can be set against profits.

The issue

- The need to be more energy and water efficient has been on legislative and moral agendas for several years.
- Government targets has led to the introduction of a number of measures to encourage investment in energy efficient technologies.
- In the coming years all commercial properties will be assessed for energy efficiency with potential penalties for poor performance.
- Energy efficient assets can be seen as too costly to incorporate into schemes but **combined with effective tax planning, complete asset life costs can be considerably reduced.**

The relief

- ECA's are available to purchasers incurring expenditure on new and unused qualifying energy and water efficient assets for the purposes of their trade.
- The relief is available as a 100% deduction from profits in the year of expenditure but can easily be matched against capital outlay.
- The relief can represent **cash savings of 30%** of the asset expenditure and significant timing advantages.

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 specification issues that arise in development projects.
- We work **with** your existing tax and project advisers in a highly specialised capacity.
- We offer a complete solutions based service from entitlement reviews through to report preparation and securing the best possible claims with HM Revenue & Customs.

The detail

- The current qualifying technologies (see below) and assets are specified on a government website, www.eca.gov.uk.
- Combined heat and power
- Lighting
- Pipe insulation
- Boilers
- Motors
- Variable speed drives
- Thermal screens
- Refrigeration equipment
- Heat pumps
- Radiant and warm air heaters
- Solar heaters
- Compressor equipment
- Water technologies

The numbers

For **qualifying expenditure of £200,000:**

	With ECAs £	With no ECAs £
Profits	1,000,000	1,000,000
ECAs	<u>(200,000)</u>	
	800,000	
Tax payable (at 30% large companies rate)	240,000	300,000

A 30% cash saving of £60,000

How we can help

- Complete life cycle cost analysis should include capital, maintenance and energy costs coupled with both capital and revenue tax reliefs.
- For a repetitive spend profile, databases of asset comparisons can be established quickly and cost effectively to aid the specification process.
- Items such as lighting or refrigeration assets can represent a big cost to a development and entitlements to ECAs such as in a retail or process environment can greatly increase project savings.

Contact us:

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