

Land Remediation Tax Relief Asbestos Contamination

Roche Associates

Capital Allowances & Tax Solutions

Land Remediation Tax Relief (LRTR) was introduced by the government as an incentive to clean up contaminated brownfield property. **Up to 150% of the costs of qualifying asbestos remediation works can be set against profits.**

The issue

- The cost and complexity of remediating contaminated property has historically been a barrier to action.
- The Asbestos at Work Act 2002 means that ignoring asbestos in properties is no longer an option.
- The recent Landfill Directive has seen **disposal costs increase by as much as 5 times** in the last few years.
- Where LRTR is already being considered, claims are poorly constructed, often undervaluing the relief available.

The relief

- LRTR is available to both investors and developers in all commercial markets including the residential sector.
- LRTR is available as either a deduction from profits or as a tax credit where the business is loss making.
- The relief represents **cash savings of up to 45% for investors and 15% for developers** on qualifying asbestos expenditure.
- The relief applies to land and buildings.

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 property issues that arise in asbestos works.
- We work **with** your existing tax and project advisers in a highly specialised capacity.
- We offer a complete solutions based service from transaction, feasibility and entitlement reviews through to report preparation and securing the best possible claim with HM Revenue & Customs.

The detail

- The relief is available to companies that have acquired contaminated property in the UK as part of their trade.
- A company is denied relief if they are responsible for the asbestos contamination.
- The asbestos must be causing or have the potential to cause harm to people, living organisms, the environment or property for relevant work costs to qualify.

The numbers

For an Investor incurring **qualifying asbestos expenditure of £200,000:**

	With LRTR £	With no LRTR £
Profits	1,000,000	1,000,000
LRTR (150%)	<u>(300,000)</u>	
	700,000	
Tax payable (at 30% large companies rate)	210,000	300,000

A 45% cash saving of £90,000

How we can help

- If LRTR is considered prior to acquiring or disposing of a property, the potential claim quantum can be incorporated into the transaction strategy.
- In addition to the direct costs of dealing with the asbestos, the relief may extend further to costs such as professional fees, on-costs and making good.
- Should identified asbestos require containment or monitoring as opposed to removal, LRTR may still be available on relevant costs.
- Where asbestos is found in an existing building prior to demolition, LRTR may be available on the removal of asbestos and associated costs.

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