

# New Build Solution

## Capital Allowances

Roche Associates

Capital Allowances & Tax Solutions

Capital Allowances are the main form of tax relief available on new construction, refurbishment and fit-out expenditure. **Effective capital allowances advice and planning can significantly reduce the overall project outlay and increase project viability.**

### The issue

- Property owners and developers are continually seeking to improve asset returns on developments.
- There is a disconnect between tax and property functions in all businesses.
- **Quantifying and maximising the amount of relief available is a skilled, involved and time consuming process.**
- Significant value is lost by businesses on an annual basis by not claiming capital allowances, under claiming and not claiming the relief early enough.

### The relief

- A range of capital allowances are potentially available including Plant and Machinery Allowances (PMA); Enhanced Capital Allowances; Industrial and Hotel Buildings Allowances; and Long and Short Life Assets.
- 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 30%** of the construction/fit-out/refurbishment costs.

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

### The detail

- Capital Allowances are available to businesses that incur capital expenditure for the purposes of their trade.
- The relief is given at different rates depending on the type of allowance.
- Claimants must generally 'own' an asset to make a successful claim.
- The relief is claimed through the tax computation and is given over a number of years.

### The numbers

For a tenant fitting out premises incurring **capital expenditure of £2m on say an office:**

Refurbishment expenditure: 2,000,000

Expenditure qualifying for PMA (Say 50%) 1,000,000

Overall tax saved through relief (at 30% large companies rate) 300,000

**A 15% cash saving of £300,000**

### How we can help

- The inclusion of tax savings into feasibility estimates and cost plans can secure greater project returns, significantly increase project viability and enhance build parameters and specification.
- Carrying out Capital Allowances planning during detailed design can increase the relief available by factoring in tax qualifying assets and energy efficient designs.
- Planning for tax when negotiating over contributions and grants can increase cash savings by up to 30% of the contribution and grant value.
- Establishing a claim negotiation strategy and risk profile early on will provide greater claim certainty and smooth the claim agreement process.

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