

Acquiring and disposing of property can be a very rewarding but costly business.
A Property's financial performance, its return and yield can be significantly enhanced with the right Tax Planning.

The issue

- Commercial rationale and speed to acquire have long dominated property acquisition strategies 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 a property acquisition or disposal process and when it is the advice is often too late.

The detail

- The tax relief is available to all owners who buy and sell property for the purposes of their trade.
- Capital elections may be employed to jointly fix disposal and claim values.
- Both anti-avoidance and disclosure legislation can severely impact on transaction planning strategies.
- Connected party transactions may suffer restrictions unless conducted at arms length.

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 **significant cash savings either as a claim on an acquisition or by retaining tax relief on a disposal.**
- The saving can sometimes be received as a cash settlement by arrangement and negotiation with the opposing transaction party.

The numbers

For an Investor **disposing of say an office building for £2,000,000** (acquired for £3,000,000)

Disposal price	£ 2,000,000
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Expenditure originally qualifying for relief (Say 30%)	(600,000)
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Election to fix disposal value of fixtures valued at £100,000

Overall tax saved **and retained** (at 30% large companies rate) **150,000**

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 transactions.
- 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.

How we can help

- If tax is considered at pre-acquisition or disposal stage, the potential claim quantum can be incorporated into the transaction strategy.
- A thorough review of historic claims can determine a future transaction tax strategy.
- The benefits of Sale and leaseback arrangements are reducing as time goes by, e.g. Finance Act 2004.
- Planning the transfer of a business as a whole or in parts can optimise the tax planning available.
- Failing to consider tax early enough may reduce the saving potential but some relief may still be available.

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