

Capital allowances made easy for commercial property owners

Capital allowances are a tax relief for businesses for the purchases they've made on capital items. A large proportion of fixtures within commercial property may qualify for capital allowances but often go unclaimed.

Changes from April 2012 & April 2014 mean that capital allowances are an important consideration when buying or selling commercial property.



Who Can Claim?



Companies, individuals, partnerships and trusts which: Own commercial property (freehold or long leasehold).



Commercial property owners who have had substantial expenditure on the construction, refurbishment or extensions to commercial property.

A taxpayer selling or not selling their commercial property should consider a claim. You may be entitled to tax relief.

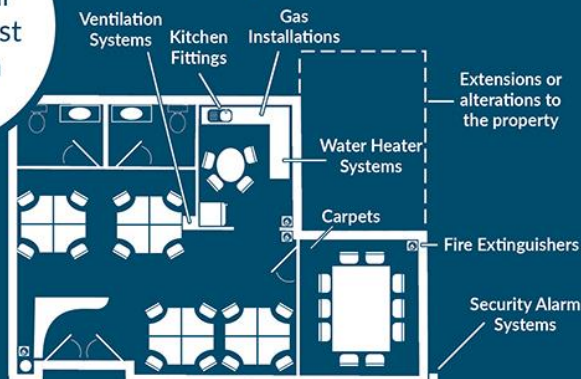
Did you know?



There is no time limit to make a claim on historic expenditure – subject to you proving your entitlement

Did your commercial property cost more than £300k?

What capital items can I claim?



Also viable are integral features:

- Cold water systems
- Space heating systems
- Water heating systems
- Ventilation systems
- Electrical systems etc

What you need to know



The pooling requirement

Since April 14 The vendor must have pooled all of their expenditure which qualifies for capital allowances. Including fixed plant & machinery and integral features. You don't have to claim any writing down allowances, just recognise what's been spent. If you sell a property without doing so, the purchaser will not be able to claim. This could affect the sale price.



What is the "Fixed Value Requirement"?

The vendor and purchaser must agree the value of the fixtures transferring within 2 years of completion. By completing a 198 election. The value of a fixture set by the election must not exceed: The amount the seller previously paid for the fixture, or it's actual sale price.



The Annual Investment Allowance ("AIA")

The AIA can provide accelerated allowances for current year capital expenditure. It is set at £200k P/A from January 2016 onwards. Expenditure covered by the AIA will qualify for a 100% writing down allowance.

Case study: capital allowances



The company had acquired 5 commercial properties (freehold and leasehold interests) over several years.

The properties were a mixture of car dealerships & workshops with office space. Several of the properties also had extensions.



In total over £7,300,000 was spent on the acquisition, construction and alteration of the properties.



Our survey covered all 5 sites and were able to identify over £1.4m of expenditure which qualified for capital allowances.



As a result of our findings, the company's tax saving was over £280,000.

Claim Today - Get in touch with the team at Bedrock for further information

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