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Chartered Accountants and Tax Advisers
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Capital Allowances on Properties

If you own a commercial property or furnished holiday let, capital allowances are a valuable form of tax relief. It doesn't matter how long you've owned it, or if you built it, you can still claim. It applies to all properties across the commercial sector and the relief that we can achieve for you often comes back in the form of a large rebate and an ongoing reduction in your tax bill.

You can own the property either privately or as a limited company and it doesn't always matter when you bought the building, we can find the allowances and you can use them against your profits immediately. This is why it is a highly valuable form of relief. The allowances are available to anyone incurring capital expenditure either buying or building commercial property or furnished holiday lets. You can claim these allowances on certain purchases or investments and you can deduct a proportion of these costs from your taxable profits to reduce your tax bill. Often overlooked, this is now a precious form of tax relief. However it remains in a knowledge shadow, which explains why less than 10% of UK commercial property owners have made the claim and more than 90% of property owners have huge sums of money resting within the HMRC awaiting claim.

The rules on making retrospective claims have changed in recent years so it is important that you get advice on this as soon as possible and ideally before you make any sale or purchase.

Expertise

We have prepared and submitted a large volume of successful claims over the last number of years and these have generated significant tax savings for our clients. We aim to reduce your costs in relation to preparing these claims as much as possible and we do this by avoiding using specialist surveyors where appropriate. To this end, we base our calculations on the apportionment provisions set out in the capital allowances legislation.

Legislation

Tax legislation covering the availability of capital allowances is complex. Many of the underlying principles that determine how certain items of

expenditure are treated are deeply embedded in case law. The problem of identifying eligible expenditure is further compounded by vague or unavailable building documentation that makes it difficult to formulate a comprehensive claim and obtain the full tax relief due. Specialist knowledge is vital to ensure that the key information and documentation is obtained and correctly interpreted so that all qualifying assets are proactively identified.

Expenditure

The most common failure in identifying eligible expenditure arises when businesses do not identify items of plant and machinery (P&M) within buildings that they own. Prominent P&M assets that make up the intrinsic fabrication of a commercial building include heating and cooling systems, emergency lighting, security systems and sanitary ware etc. Typically these costs are not segregated from the building cost and are coded to freehold additions with no allowances claimed.

Misconception

One of the most common misconceptions is that capital allowances need to be claimed when the cost is incurred. This is incorrect. It is possible in the majority of situations to claim missed allowances going back several years, often to when a property was originally acquired and for items that were not thought to qualify at the time. In short, there is no time bar on this exercise; as long as the items are still in use for the purpose of the trade it may be possible to claim tax relief for expenditure dating back to when the property was first purchased.

Fees

Our fees would be on a purely contingent basis, so if a claim is not successful we will not charge a fee and therefore there will be no cost to you. Our fees would be based on a percentage of the savings generated. We would look to agree the set percentage once the value of the claim has been quantified, as the percentage applied generally depends on the size of the claim. If you think there is the possibility for a claim on properties owned by you personally or by your company and would like to know more about this, we would be more than happy to discuss this in more depth with you.

For a free initial consultation please contact:

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