



Capital Allowance

What Are They?

Capital Allowances are the only form of tax relief available to UK taxpayers for their expenditure on Commercial Property. The items that can be used to reduce taxable profits are usually inherent items of plant and machinery within the fabric of the building. These items are usually taken for granted within the overall purchase price of the property.

After a thorough investigation of the properties tax history, a value is attributed to items of equipment fitted to or within the fabric of the building. These are items that should they be replaced, would normally be written off against tax through your renewal, refurbishment, or capital accounts. What we are looking for are original, or replacement items not already tax utilised.

These items include radiators, heating systems, wires in the walls, switch gear, alarms, toilets, sinks, basins, door furniture and cabling among many other pieces of equipment.

What Could This Allowance Be Worth?

The value of these Capital Allowances is dependent on the type of property and its use. However a typical project will identify from 10% to 50% of the purchase, or build cost as an allowance. That allowance can be used to reduce income or corporation tax liability and in some cases could lead to a refund of tax paid.

How Is This Allowance Used?

Your accountant could use up to 18% of the total allowances to reduce your tax liability every year.

For example if £100,000 of allowances are found then you could use up to £18,000 in the first year to reduce your taxable profits, which could be worth £7,200.

Surely My Accountant Is Already Claiming This For Me?

Many property owners will already think that their accountant is claiming everything for them. Accountants will claim all they can, but unfortunately Capital Allowances legislation is highly complex and requires the role of a specialist surveyor to value any claimable items within the properties. If you have had a full capital allowances survey on your property then it is quite likely you are claiming for everything. However if they haven't, then you are likely to not be maximising your benefits. We work with your accountants to give you the best benefit.

How Much Will It Cost?

That depends on the cost and type of the property you have. It will cost you nothing to find out if you qualify. We only charge a single fee once you and your accountants have no more technical questions with the report our specialists have completed. No Report = No Fee. The report is supported for up to 6 years after it has been published at no extra charge. If you sell the property we will assist you and the new owner to protect you with the transfer of these allowances, again at no cost.

Could I Lose The Allowance?

Yes, if you sell your building and have not claimed. Your solicitor during the sale process will now ask if the allowances have been completed and what figure would you like to pass to the new owner. If you have not investigated the allowances, then you could be forced into doing so by the purchaser.

To qualify you need to own a commercial building that is in use. You need to have paid, or are going to pay tax and the price you paid for the building must be over £200,000.