

Capital Allowances



Maximising the value of
your property investments

What are Capital Allowances?

Capital allowances are a valuable form of tax relief available to anyone who has incurred capital expenditure on:

- | The purchase of existing commercial property.
- | Extensions / alterations / refurbishment of existing commercial property.
- | The construction of new commercial property.

(Expenditure on certain types of residential properties may also qualify)

Why are Capital Allowances Overlooked?

They are elements embedded within building structure

- | Electrical / Mechanical Heating & Ventilation Installations / Sanitary Ware / Fire & Smoke Alarm / Floor Finishes, etc.

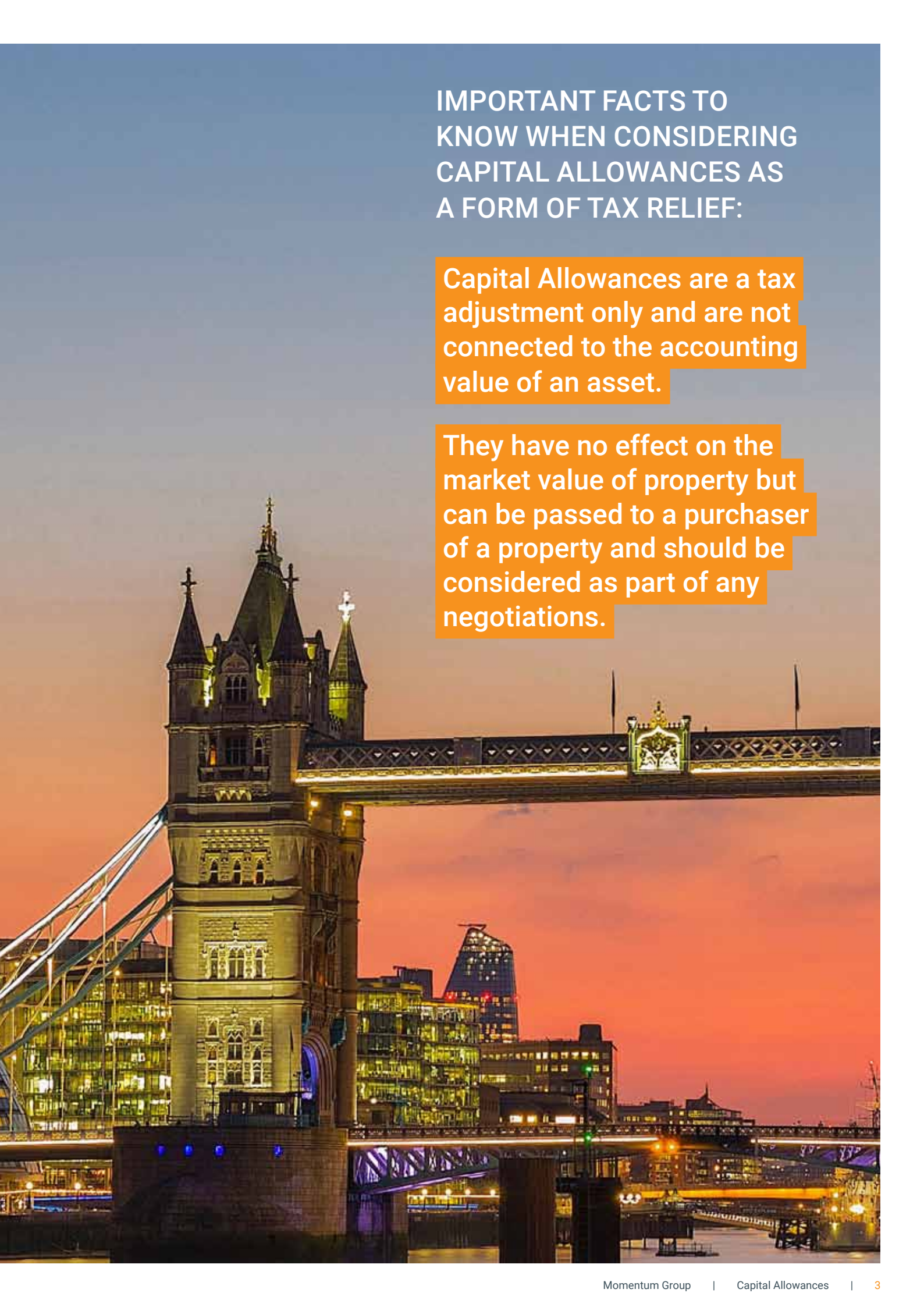
The assessment is complex

- | It requires specialist knowledge including tax expertise and quantity surveying skills.

They fall outside the scope of routine tax returns

- | Often the assessment is completed outside the normal tax compliance process and the required information is not always readily available.





IMPORTANT FACTS TO KNOW WHEN CONSIDERING CAPITAL ALLOWANCES AS A FORM OF TAX RELIEF:

Capital Allowances are a tax adjustment only and are not connected to the accounting value of an asset.

They have no effect on the market value of property but can be passed to a purchaser of a property and should be considered as part of any negotiations.

Who Can Claim Capital Allowances?



Owner or tenant who is a taxpayer, incurring capital expenditure buying or building/refurbishing commercial and certain residential property.



Available in NI / UK and ROI



NOT a trader or a developer



Must be a taxpayer



NOT held in a Pension Fund





Typical levels of sector Capital Allowances*

	Property Type Examples	Refurbishments Examples
Industrial Buildings	15% - 25%	15% - 35%
Office Buildings	25% - 35%	40% - 75%
Restaurants / Bars / Hotels	35% - 45%	50% - 85%
Care Homes / Surgeries / Clinics	30% - 45%	50% - 85%
Petrol Service Stations	25% - 40%	50% - 85%
Supermarkets / Retail Units	30% - 45%	50% - 85%

* General CA Range (after adjustment for site value) as a % of Capital Spend



Preliminary Reviews

A list of typical preliminary information we would require for acquisition & construction / fit-out expenditure projects:

Acquisitions

Confirmation of purchase price & date acquired;

Replies to commercial property standard enquiries (CPSE);

Confirmation of how the property is held;

Occupational lease if property let out (20-year rule).

Construction / Refurbishment Works

Confirmation of property address;

Confirmation of capital spend (check if analysis is available);

Confirmation of what (if any) capital allowances have been claimed to date (check if analysis is available);

Confirmation of how the property is held.

THE AMOUNTS INVOLVED CAN OFTEN BE SUBSTANTIAL AND CAN LEAD TO BOTH REDUCTIONS IN FUTURE TAX LIABILITIES AND REFUNDS OF TAX ALREADY PAID.

For example:

A commercial building purchased for **£500,000** could typically have up to £150,000 of embedded plant and machinery, which would equate to a tax saving of **£28,500** for a limited company (paying corporation tax at 19%), or **£60,000** for an individual (paying income tax at 40%).



Our Approach

- 1 Early involvement to maximise the capital allowances and the return on investment
- 2 Fully substantiated & defensible claims to obtain optimum tax relief while maintaining our clients' tax profile
- 3 Work closely with our clients' advisors as part of the team
- 4 We are not interested in short term gain, we build long-term relationships with our clients

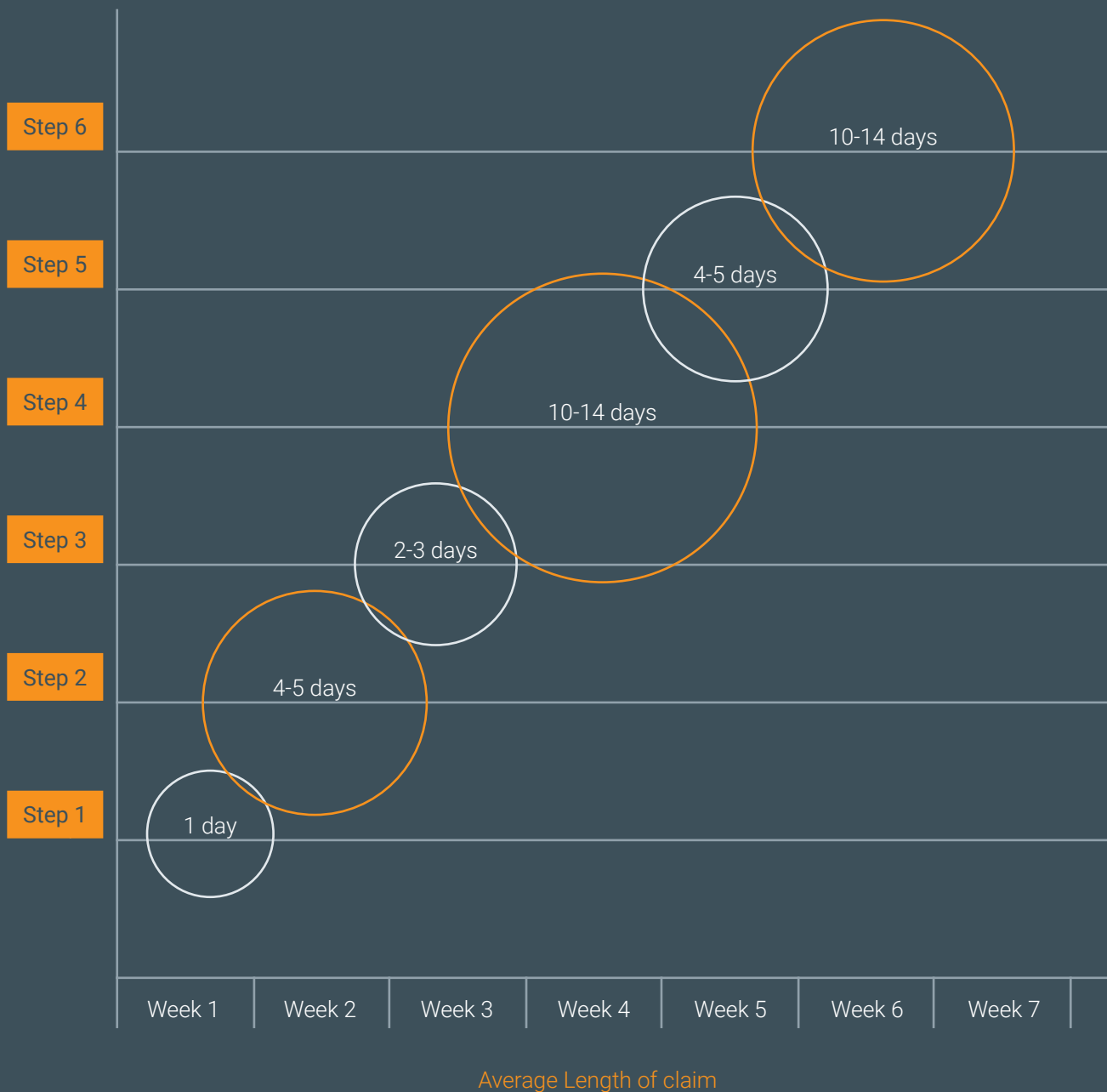


Why Momentum Group?

Specialist knowledge is vital



The Six Step Process



Client with Commercial Property

- Step 1 Momentum Free Review
- Step 2 Momentum Proposal
- Step 3 Client Approval
- Step 4 Momentum Prepare Report
- Step 5 Forward to Client / Accountant
- Step 6 Tax Rebate / Reduced Tax Liability





Most Frequently Asked Client Questions

Do I Qualify?

If you or your business has invested in property you may well be able to claim capital allowances. Our free preliminary reviews will establish your entitlement to claim.

What Can I Claim For?

Most capital expenditure on commercial property will qualify for some form of tax relief or allowance; but this is a niche area that requires specialist knowledge and skill set.

Are There Time Limits?

There are no time limits to identify and pool items of plant or machinery but there are special rules that may apply in certain scenarios

What Is HMRC's Role?

HMRC apply the rules as drafted by Government. They may review aspects of a claim but our claim reports are "audit ready" and we will liaise with you and your advisers to resolve any queries

