



Barlow Andrews

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Extra Capital Allowances means Double Tax Relief!

Anyone who has purchased a building may be able to claim more tax relief now than they think!

In any property, there is likely to be “fixtures” that usually qualify for capital allowances. These can include electrical installations, heating, air conditioning, lifts and sanitary ware.

Typical fixtures may account for the following proportion of building costs:

- Retail shops 10-20%
- Low rise offices 10-18%
- Air-conditioned offices 25-40%
- Nursing/care homes 20-35%

The capital allowances on fixtures are available for buildings used in the trade and for investors who let their properties.

By reviewing the types of fixtures and improvements made to the property before and after the purchase, it maybe possible to claim extra allowances now to reduce the taxable profit **without reducing the capital gains tax base cost of the property on a future disposal.**

Currently, a business can claim an annual allowance of 25% of the cost of the qualifying fixture. A first year allowance of 50%/40% is also currently available for small and medium sized businesses, respectively.

After April 2008, the capital allowance rate for fixtures in a building is reduced to 10%. It is therefore advantageous to bring forward any planned improvements and to make sure that a claim is made for previous property improvements.

By reviewing in more detail the expenditure incurred on property improvements or the fixtures included in the purchase of a building, the extra capital allowances could result in a repayment of tax.

If you would like to know more about claiming extra capital allowances, please contact Tim Lwin at tl@barlow-andrews.co.uk or Mark Sheen at mrcs@barlow-andrews.co.uk.