



Barlow Andrews

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Maximise Tax Relief Now on Your Property Improvements!

A major overhaul on the tax relief you get on capital expenditure to improve your business property takes effect from 1 April 2008 for companies and from 6 April 2008 for individuals and partnerships.

Currently, you would expect an initial tax deduction of at most 50% of the cost of your new asset.

From April 2008, it all changes.

You will get a 100% tax deduction on expenditure only up to £50,000 on new qualifying assets and get only 20% or 10% on any excess above £50,000 depending on what you buy:

- For plant and machinery the initial relief on the excess will be 20% of the cost.
- For fixtures integral to a building the initial relief on the excess will be 10% of the cost.

The definition of “fixtures” is yet to be finalised but at present, tax relief on 50% of the cost can be claimed on items including:

- Air conditioning including ducts and vents
- Heating installations, fittings and pipes
- Fire protection systems and sprinklers
- Lifts and lift shafts
- Emergency lighting and protection systems
- Hot and cold water systems

If the cost of improving your property or properties is likely to exceed £50,000 in the foreseeable future, it is important to consider the timing of your expenditure as the initial tax relief at 50% of the cost of the improvements is only available until the start of April 2008.

If you would like to know whether you should be investing in property improvements now or after April 2008, please contact Mark Sheen at mrcs@barlow-andrews.co.uk or Tim Lwin at tl@barlow-andrews.co.uk.