

# NEWS TO ME

## Collaborative Working



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At Cavetta, we are often asked to work in partnership with accountants because valuing Capital Allowances requires a blend of skills. Two areas where we supplement an accountant's tax and accounting expertise are:

- On new construction or refurbishment projects; we supplement gaps in the construction cost data, because few projects generate data in a form that allows Capital Allowances to be easily extracted.
- On property purchases we undertake valuations of the three constituent assets; the land value, the rebuilding cost of the building structure and lastly the

replacement cost of the qualifying plant and machinery actually acquired at the time of purchase.

Many aggressive Capital Allowance firms are hounding end clients directly about the benefits of claiming Capital Allowances. This drives a wedge between the client's adviser and their client. In our opinion, this is the wrong approach. An accountant and a Capital Allowances specialist both have complementary skills and should work in partnership. It is a strength to recognise these differences and be proactive in recommending the appointment of a suitable specialist, in order to maximise the client's potential tax savings.

### Editor's Comments

Welcome to the second edition of our newsletter.

As we approach our first year end, although short, has been a great one. We have learnt many things and one of those was that our decision to leave the relative comfort of being employees, to form our company was indeed the right one. Seeing our client base grow and being able to offer those clients advice, which saves them money, for cost effective fees is extremely satisfying.

At Cavetta we enjoy doing things differently. Our intention in this newsletter is not only to inform but to make our newsletter a lighter read. We hope you enjoy it and welcome your suggestions.

### GROWING THE BUSINESS

March saw us attending "90 Day Growth Club" at the Mar Hall Hotel in Bishopton, run by Action Coach, Andy Goldberg. We spent the day reviewing the goals for the business for the next 90 days and what we need to achieve to meet those goals and drive the business forward. We have found the quarterly growth clubs a way to completely focus on our business and come away motivated to go forward.

In February, Andy also gave us a slot to join him on his radio show "Business Time," to chat about Capital Allowances and the benefits to Property Investors.

If you'd like to know more about Andy, and his business coaching or his radio show, please click here links [ActionCoach](#) and [BusinessTime](#)

CONSULTATION: REDUCED VAT ON ENERGY SAVING MATERIALS

On the 3rd of February the consultation closed on the use of the reduced rate of VAT in relation to Energy Saving Materials.

European legislation permits the UK to have two different reduced rates of VAT, although the UK currently uses one reduced rate of 5% which is the lowest rate permissible.

Currently, this reduced rate is applied to the installation of energy saving materials in residential accommodation such as wood-fuelled boilers, solar panels, and air source heat pumps to give just three examples. However, the European Court of Justice ruled that the UK has been applying the relief too widely, failing to restrict the benefit to certain social groups.

As a result, HMRC is seeking parliament's approval to remove solar panels, wind turbines, and water turbines from the items that can be installed with the lower VAT rate of 5%.

Therefore, if you or your Clients are planning to install any energy saving equipment, then you may want to bring it forward as you may only have until 31 July this year to take advantage of the reduced VAT rate.

Where your Client's business is to install these items, this will represent an opportunity for them to drive sales before the rate of VAT potentially increases.



THE BUDGET 2016



Following the Autumn 2015 statement, the budget wasn't expected to have many surprises. However, there was a huge surprise for the soft drinks industry but again it is the property market being hit to raise additional revenue.

In terms of Capital Allowances, the Budget did not make any real changes, and as expected the Annual Investment Allowances remained set at the £200,000. However, Business Premises Renovation Allowances (BPPRA) will not be extended, highlighting that the Government maybe believes it is not achieving its objectives.

Instead, the Government seems to be viewing Enterprise Zones (EZ) as a better alternative, although the tax breaks are not as attractive as BPPRA. However, the Government has extended the availability of Enhanced Capital Allowances (ECA) in qualifying EZ

area by a further 8 years. Also, in relation to ECA list of qualifying technologies, this will be updated over the summer but the effect is expected to be tax neutral.

Similar to that introduced for residential property, Stamp Duty Land Tax (SDLT) will be structured to adopt a slice rather than a slab system. The probable outcome being most will see an increase in the SDLT they will pay.

The big hit though was to Offshore developers of UK land. Irrespective of their residency status or corporate structure, developers of UK land will be subject to a full tax charge on all related profits.



**OUR WEBSITE**

Cavetta Consulting launched its website back in October 2015. The site focuses on telling interested parties, who we help, when we help and how we help. Information is available for professional advisors and for businesses ranging from coffee shops to investment funds. The site can be found at [www.cavettaconsulting.co.uk](http://www.cavettaconsulting.co.uk)

CAPITAL ALLOWANCES, REFURBISHMENTS, DILAPIDATIONS AND SERVICE CHARGES

When considering re-furbishing a property and how to fund it, the tax implications should be considered by property investors and owners. As for the property investor or owner, property refurbishments offer plenty of scope to claim tax deductions.



As well as, the far wider definition of plant and machinery for Capital Allowances in the case of refurbishments than other types of property expenditure, there is also the possibility to claim a full deduction in the year of expenditure for repairs and maintenance. For more information about the tax relief around refurbishment please click [here](#).

CONSULTATION LAUNCHED ON LAND REGISTRY'S FUTURE OPERATING MODEL

On the 24th March 2016 a consultation document was launched setting out the options on moving Land Registry operations into the private sector. Business Secretary Sajid Javid announced the launch setting out the options on moving Land Registry operations into the private sector.

The consultation will end on the 26th May 2016, and more information can be found [here](#)

GLOBAL ASBESTOS AWARENESS WEEK

April 1-7th is Global Asbestos Awareness Week and more information on this can be found by clicking [here](#). Remember if you are dealing with asbestos on your project there may be substantial tax reliefs, and we will cover this in more depth in our next newsletter.

If you need to know more about the legislation relating to asbestos, further information can be found on the Institute of Occupational Medicines [website](#).

Calendar

6 April : First day: of the new tax year

31 July: Deadline for second Self Assessment pay

30 December: Deadline for online submission of Self Assessment tax returns for tax year ended 5 April 2015 for HMRC to collect tax through clients' PAYE codes, where they owe less than £3,000.

Contributors



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This newsletter is intended to provide an introductory outline to certain aspects of the UK Capital Allowances regime. It should not be used instead of obtaining proper professional advice. The outline is for guidance only and is not an appropriate basis for decision-making.