

# Key Issues

## Proper Prior Planning Maximises Claims



“Early consideration of capital allowances in the design process will allow for planning and ensuring the maximum relief is obtained through the specification.”

Alan Cadden

### INTRODUCTION

Capital allowances and other tax reliefs are given at various rates; these include Land Remediation Relief at 150%; Annual Investment Allowances, Revenue Deductions and Enhanced Capital Allowances (ECA's) at 100%; Main Pool Plant at 18% and Special Rate Pool Plant at 8%. Therefore, with a some forward planning it is possible to ensure the specification and packaging of the claim will maximise the tax relief available; subject to it maintaining that the building is fit for purpose.

### KEY POINTS

#### Who did we help?

An owner occupier of an industrial building, who was planning to extend and refurbish their premises.

#### What were the issues?

The client knew they could save tax via capital allowances but were unsure how to make a claim and maximise the value.

#### What does it mean for you?

The tax relief achieved was maximised via 100% reliefs and revenue deductions.

#### How can I apply this to me?

Know about the tax reliefs available and think about them early to plan and maximise the savings.

### CASE IN QUESTION

Our Client, an owner occupier was considering refurbishing and extending their premises, in the Scottish Borders. They were aware of capital allowances but not the process towards making a claim. Their accountant advised them to speak to us about how we could maximise their tax relief.

We were initially appointed to provide them with a review of the specification, plans and cost plan details to outline what the level of allowances might be and the areas where changes could be made in the design and specification to enhance the tax relief.

After reviewing the initial report, the client appointed us to prepare the overall claim and to provide a presentation to the design team to discuss capital allowances and how their design may affect the level of allowances that the Client could claim.



We made the team aware of HMRC's view of which items were classified as repairs or improvements and reviewed the project specification to ensure the repair work and improvements were correctly identified and accurately disclosed.

In addition, we discussed how the degree of annexation to the property can affect whether something becomes part of the premises, the importance of ensuring that the Energy Technology List is regularly checked to ensure an item is on the list and qualifies for 100% relief and recommended that clauses were inserted to ensure there was an obligation on suppliers to install qualifying equipment and provide the necessary back-up information to allow the client to claim 100% ECAs.

## CASE RESULTS

By reviewing the specification before the project had started on site we were able to improve the amount of tax relief available to the Client by nearly 7%, an extra £50,000 tax saving.

## OUR COMPANY

At Cavetta Consulting our directors have considerable experience advising businesses, property investors, landlords and occupiers on all capital allowances implications that impact their business.

We offer a no obligation review of completed or potential schemes in order to determine whether a viable claim for property tax reliefs can be claimed. Our fee structure is tailored to take account of the tax status of the individual or business and is designed to add value to your business. If you would like to further information, please contact either Lois or Alan.

Alternatively you can email us at [info@cavettaconsulting.com](mailto:info@cavettaconsulting.com).

## Key Contacts



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