Key Actions

Specialist Buildings

CINEMA COMPLEXES

CAVETTA CONSULTING
Unlocking Capital Allowances

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UNLOCKING PROPERTY TAX – TAX RELIEF FOR CINEMA COMPLEXES

THE DESIGN OF MODERN CINEMAS IS DRAMATICALLY DIFFERENT FROM THE ART DECO, THEATRE TYPE BUILDINGS THAT WE TRADITIONALLY ASSOCIATE WITH CINEMAS. ALTHOUGH LESS ORNATE, THE MODERN DAY CINEMA BUILDINGS ARE STILL HIGHLY COMPLEX.

Having a good knowledge of how these buildings work is essential for maximising capital allowances claims on the development or acquisition of these buildings. Our article highlights some of the areas you need to consider to maximise a claim and what the potential level of allowances may be.

A cinema is not just a building that shows films, they may also have additional functions, such as a lecture theatre or providing a venue for stage shows and musical performances. In addition, these properties may also include bars, restaurants, retail areas, party rooms and amusement arcades. Their settings are diverse, from lavish art deco buildings right through to out of town theatres in retail parks.

Typically, as cinemas tend to be fit outs within existing structures, we find between 50-80% of our client's capital expenditure qualifies for capital allowances, depending on size and specification. However, there are a number of important issues to consider in order to maximise the allowances.

KNOWING YOUR BUILDING

What Makes a Successful Claim

LAYOUT

Your cinema is a building where there is a significant focus on the user's experience. However, accessibility and safety of the general public must be incorporated into the design. Where you consider these requirements with the tax implications early, there may be scope to claim a higher rate of tax relief on the expenditure incurred in achieving these requirements.

MECHANICAL AND ELECTRICAL SYSTEMS

Such buildings also require significant mechanical and electrical installations related to heating, ventilating and cooling the property, operating passenger and goods lifts, lighting and power installations and ensuring adequate water supplies and catering facilities. Therefore, sustainability, may also be a major requirement of your development brief, and by planning expenditure can ensure these assets are claimed within the Allowances (AIA) limit giving 100% relief in the year rather than at 6% allowances when claimed outside the AIA.

ACCOUSTICS

In addition to the layout of the building, the use and user experience will mean consideration of acoustic properties of the building. Where you consider these requirements with the tax implications early, there may be scope to claim tax relief on the expenditure incurred.

CONVERSION OF AN EXISTING BUILDING

Converting an existing building may provide enhanced tax relief, as any expenditure on builder's work incurred in installing any plant may also qualify. Therefore, it is important to identify separately the expenditure for these works in the project specification and costs. In addition, a 3% Structures and Buildings Allowance is now available meaning that a significant proportion of the building work is now tax deductible.

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WHY CAVETTA CONSULTING

In order to maximise tax relief within specialist properties employing a capital allowances adviser can prove prudent for you.

Traditionally, tax relief is perceived as the role of an accountant. However, like many elements of accountancy, tax has a number of sub-specialisms, including capital allowances. Therefore, your accountant may not have the time or resources to manage the expectation that capital allowances is only a tax issue.

In reality, claiming capital allowances involves resolving tax, finance, legal, property, construction and valuation issues. A capital allowances adviser has a different range of knowledge and skills from your accountant. This enables us to provide assistance to you in negotiations with HM Revenue and Customs; particularly when they are questioning valuation techniques and construction methodology and technology.

Capital Allowances claims must be able to stand up to scrutiny. The figures need not only to be correct but also justifiable. This will ensure you have no further wide spread enquiries from HMRC.

Capital allowances claims, in connection with the acquisition, fitting out or development of distillery or brewery buildings, require your advisor to have in-depth knowledge and experience of the statutory rules contained within the Capital Allowances Act 2001.

As specialists, we can also provide you with essential preplanning advice, to maximise tax savings, increase yields and potentially make an uncertain project viable.

As tax rules are constantly changing, as specialists in this niche area, we ensure that we have the most up to date information to guarantee your tax savings are maximised.

EXPERIENCE IS KEY

WORKING TOGETHER

Cavetta Consulting is a resource with over 30 years of experience, and are able to give our clients the benefit of this.

Once appointed, we work with your appointed advisors, project team and accountant. We ask the questions and obtain the information. Our aim is to take the burden of maximising the tax relief from you.

SEEMLESS PROCESS

We seek to offer you a more personal service. We are not a major corporation and we have the advantage that we can take time to ask questions, understand your needs and take personal pride in saving you money.

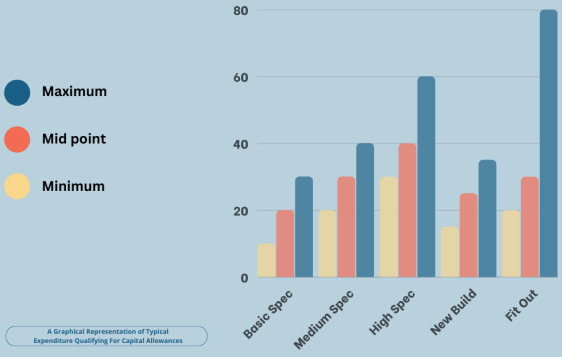
CONTINUED SUPPORT

Our work does not end once we provide you with your valuation. We are committed to you and our engagement is only concluded when the capital allowances valuation is agreed by HMRC.

HAPPY TO HELP

We are always happy to help, wherever you are in your capital allowances journey. We provide a free initial consultation, and don't take an appointment where we can't add value. In addition, we are happy to answer any questions that you may have.

Typical Expenditure Qualifying For Capital Allowances - Cinema Complexes



A Graphical Representation of Typical Expenditure Qualifying For Capital Allowances

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This briefing 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.