

Key Actions

Specialist Buildings

Distilleries and Breweries



UNLOCKING PROPERTY TAX – TAX RELIEF FOR DISTILLERIES AND BREWERIES



DISTILLING AND BREWING IS GROWING RAPIDLY WITHIN SCOTLAND AND THE WIDER UK. STARTING YOUR OWN DISTILLING OR BREWING BUSINESS CAN BE A CAPITAL INTENSIVE PROCESS, WITH LITTLE RETURN WHILST THE PRODUCT MATURES.

However, claiming capital allowances allows you to deduct the cost of plant and machinery from your profits, which can improve the cash flow of your business. Our article highlights some of the areas you can consider to maximise a claim and what the potential level of allowances may be. In order to maximise a capital allowances claim on your commercial property an understanding of how buildings function is essential.

Distillery and brewery buildings are among some of the most specialist properties that we are asked to deal with. Recently, new properties have been appearing in Skye, Dumfries and Galloway, the Scottish Borders, West Cumbria and beyond. Many companies operating distilleries are now diversifying to produce gin, rum and other spirits. In addition, the craft beer industry has seen a major rise in popularity with more and more diverse brands now filling the supermarket shelves.

Although it takes some time for your product to be sold, as a taxpayer, are still able to benefit from important tax savings which can provide a major cash flow advantage while the product is maturing. Typically, excluding chattels, we find 30-50% (more if an existing building is utilised) of our client's capital expenditure qualifies for capital allowances, depending on size and specification.

KNOWING YOUR BUILDING

What Makes a Successful Claim

LAYOUT

This type of property must perform a number of functions. It has not only to be a production centre and warehouse but also include entertainment and museum functions. The building must therefore have a lot of character. The end user will not just want a number of modern buildings joined together, they will want a property that looks like a distillery or brewery. The buildings will have to be iconic and have enough character that will inspire a fascination of the brand for its visitors. Indeed it is common that distillers will take an old listed building such as a Victorian mill and convert the property so that it meets their requirements. The building may require significant alteration before plant and machinery can be installed.

MECHANICAL AND ELECTRICAL SYSTEMS

Such buildings also require significant mechanical and electrical installations related to heating and cooling the property, passenger and goods lifts, lighting and power installations and 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.

BESPOKE FEATURES

The distillery will be the home of your brand, its roots so to say. It not only has to act as a home and icon but must be a state of the art facility. Individual bespoke features are often included to give the property character and can attract tax relief, where they add to the ambience of the property and trade.

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.



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 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.

SEAMLESS 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.

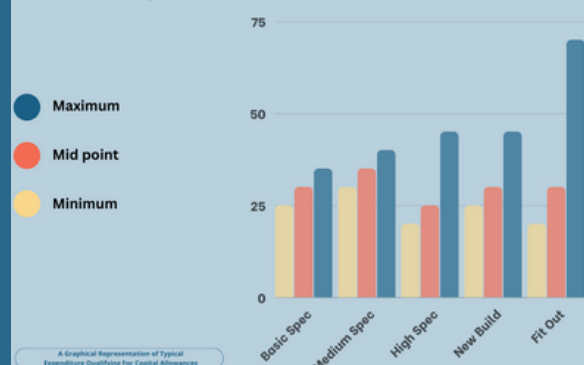
CONTINUED SUPPORT

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 - Data Centres



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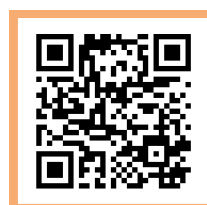
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