

# Capital Allowance Optimisation

## DEFINING THE NEEDS

Most businesses are aware that they can claim substantial tax relief on purchases or investments required to run a business, known as Capital Allowances. This tax relief applies to Plant and Machinery, Buildings and R&D and enables a business to deduct a proportion of these costs from their tax bill.

A good Accountant/Business Advisor will have a **standard routine** for taking companies through an assessment of what they can claim, with the aim of collecting up all applicable Capital Allowances and maximising the tax benefit to their clients.

## APPLYING THE SOLUTION

Working with our specialist Capital Allowances Experts, they look further, winking out previously unthought-of items of allowable capital embedded deeper in the business.

The legislation is complicated and ever-changing and this is why our specialists can help by uncovering this extra layer of allowable items.

This can add £1,000s to a business's total tax savings.

## HOW CAN WE DO THIS?

Plant and Machinery is not a term defined in law and in practice it covers a wide range of items, extending far beyond just movable items and Fixtures and Fittings that will appear on routine check lists. It can cover items hidden in the very fabric of a building – known as – ‘Integral Fixtures’.

## KEY POINTS

- A Capital Allowance Expert will visit the property in person and **identify items that are invisible within the paperwork**. This can add value to the work of a good but non-specialist Accountant.
- In-depth specialised Survey of the Fixtures – extremely unlikely to have been done before.
- **The tax savings** from this additional layer of scrutiny of items **are significant**.
- The smallest claim our Capital Allowance Experts handled in the past 12 months was for £28,000! The largest was several million!
- Most of our cases show unclaimed allowances of over 80% of the entitlement – even with businesses that have been less than 50% of entitlement.
- In difficult markets, taking into account any unclaimed Capital Allowances on a building can make a critical difference to the value of any deal on the table.
- **Purchaser's Perspective** – Knowing that a substantial allowance claim can be made on transfer alters the ‘cost’ of the purchase substantially and can make an unaffordable deal both affordable and attractive.
- **Seller's Perspective** – The unclaimed Capital Allowance is a benefit that could be offered to a potential purchaser as a sweetener, to move a deal along in a slow market.
- At the point of sale of a building, huge amounts of Capital Allowances change hands without either party being aware they have given them away or – ‘inherited the money.’
- **No need to change accountant.**

## CASE STUDIES

**1] ‘H’ Hotel, Torquay**  
Upon purchasing the Hotel, we used our Capital Allowances Specialists to carry out a survey. They uncovered Capital Allowances running to £100,000s never claimed for by the previous owners. This money is now available to them to offset future tax liabilities.

**2] ‘A’ Castle – Hotel and Sporting Estate**  
Some £250,000 Capital Allowances was locked away in the fabric of this castle, which our Capital Allowances Specialists uncovered for the happy owner – now set aside for offsetting against future tax liabilities.

**Unique Accountants is a PROBIZ ‘Centre of Excellence.’**



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*This data sheet provides an overview of the various schemes that Unique Accountants, working with PROBIZ Tax Division, and their specialist Tax teams can offer. Projected savings and examples shown are for purely illustrative purposes and although we believe they are attainable there is no guarantee of returns or savings quoted. We would always recommend taking detailed advice.*