

## **Embedded Capital Allowances**

**Many business owners are not aware that there are tax allowances due on items “embedded” within their properties but only if a claim is submitted in a format recognized and accepted by HM Revenue & Customs.** The allowances are known as “Embedded Capital Allowances” and can be claimed any time by a business property owner. If you are considering selling a business property, then it is really important that these allowances are claimed well in advance to obtain maximum benefit as they cannot be claimed retrospectively, once the property has been sold.

### **What are the “embedded” items?**

Embedded capital items are considered to be part of the property such as roller shutter doors, security systems, electrical items, 3 phase power systems, cranes, bathroom facilities and so on.

### **How much can be claimed?**

For an industrial unit typically, 15 to 20% of the building’s purchase cost could be embedded capital allowances. For example a factory building costing £500k may have approx. £75k of embedded capital allowances available. Likewise, a building costing £1m may have approx. £150k of tax allowances due.

### **Who can claim Embedded Capital Allowances?**

Any business property owner can claim Embedded Capital Allowances, so long as the property is Freehold and not Leasehold and is owned by the Company, Directors, Partners, Husband & Wife and is a UK tax payer. Allowances are not available where the property is owned by a pension fund or other non-tax paying entities.

### **When can Embedded Capital Allowances be claimed?**

Embedded Capital Allowances can be claimed any time whilst the property remains under your ownership but the sooner you claim, the sooner you receive the allowance and get maximum benefit; simply complete the form below!

There is no time limit on claiming for a property bought or built before April 2012. However, new rules impose a time limit on claiming embedded capital allowances on properties bought or built since April 2014, so if this applies to you then contact us immediately by completing the form below!

If you are thinking of selling a business property then action should be taken as soon as possible as a claim cannot be made retrospectively and you will need to address embedded capital allowances within your Contract of Sale.

### **How can you claim the allowances due?**

Claiming Embedded Capital Allowances is normally a specialist exercise involving Quantity Surveyors and Chartered Tax Advisers who can submit a claim on behalf of the business property owner.

Although this is a complex process, a specialist can ensure that this has minimal involvement of the property owner, by dealing with the survey, report and submission of the claim to HM Revenue & Customs.

**No up-front fees**

Whilst there is a fee due on any successful claim, albeit a small percentage of the allowances approved, there are not normally any up-front costs. The fee is only due when the claim is successful,

**Your next step.....**

Stirling Business Solutions Ltd can provide further information, help and advice on Embedded Capital Allowances. To find out if you are eligible, contact details are:-

Stirling, Business Transfer Specialists  
One Victoria Square  
Birmingham  
B1 1BD

Tel: 0121-314 5575  
Web: [www.stirling-uk.com](http://www.stirling-uk.com)  
Email: [info@stirling-uk.com](mailto:info@stirling-uk.com)