

COVID-19 Capital Allowances

Maximising your tax reliefs

Given the current economic uncertainty as a result of Brexit, or the recent outbreak of Covid-19, it has never been more important to ensure that your tax reliefs are maximised.

The government has created a series of loans and grants to assist with the costs associated with your business and its temporary closure as an effect of Covid-19.

This means you could borrow money from the government. However, like all loans, this will need to be repaid and only the first 12 months of interest are to be covered by the government.

If you have carried out renovation works, or acquired a property in relation to your business or trade at any time we may be able to help.

This relief is not repayable and could be an essential lifeline in the currently uncertain environment. In some instances where expenditure has been incurred on environmentally beneficial assets, or in remediating contaminated land and the company incurring the expenditure is loss making, they are entitled to a cash tax credit.

To calculate the relief, we can prepare a report based on information which you provide to us. We can do so initially without a site visit. Where further detail is required, we can do so at a later date to ensure we unlock the initial repayment of tax already paid.

We have many clients who were previously unaware of this method of relief and as such this is always a welcome relief. This is not an avoidance scheme nor a form of tax evasion. Capital Allowances are a legitimate method of tax relief and the legislation can be found in Capital Allowances Act 2001.

Worked Examples

Acquisition:

Commercial Unit

- Acquired the site in 2014 for £650k
- £185k allowances identified
- Cash tax refund over time of £35k (CT), £74k (IT – assuming 40%)

Development

Industrial Unit

- Constructed in 2016 for £525k
- £72k of allowances identified
- Cash tax refund of £13k (CT), £28k (IT – assuming 40%)

If you have any questions or would like to discuss this further, please contact Matt Bell, our Head of Capital Allowances: Matt.Bell@taitwalker.co.uk

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