

## Capital Allowances and Property

### What are Capital Allowances?

Every commercial property owner, investor and tenant who incurs expenditure on real estate, can claim tax relief in the form of Capital Allowances.

The most common and widely available are plant and machinery allowances. The definition of plant and machinery encompasses items as diverse as air handling units in office buildings to decorative features in restaurants.

Other types of allowances include those available on common areas of residential apartment blocks and all expenditure on providing buildings or facilities to house research and development activities.

### Construction & Refurbishment

Whether you build, refurbish or extend an existing property you are entitled to claim Capital Allowances on any capital expenditure incurred; regardless of the type of interest you hold in a property eg leasehold, freehold etc. Most commercial construction contract of whatever type will, with a few exceptions, include expenditure which qualifies for Capital Allowance.

In particular disadvantaged areas of the country there are enhanced deductions available whereby 100% of the capital expenditure may qualify for Capital Allowances in some form.

### Building Purchase

There is also an opportunity to claim the same type of allowances where a building is purchased outright with fixtures already present.

### Plant & Machinery

Examples of parts of buildings which could qualify as plant include:

- Lighting systems
- Lifts, hoists, escalators etc
- Ventilation systems including air conditioning
- Fire alarm systems & sprinklers
- Heating installations
- Sanitary installations
- Electrical Systems

The above list is obviously only representative of some types of expenditure that may qualify. It is also worth noting that any works carried out on the fabric of a building to adjust or accommodate for the installation of new machinery may also qualify for capital allowances.

### Want To Know More?

For further information on how we can help you to maximise a capital allowances claim please contact us

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