

Capital Allowances



Misunderstood,
underestimated
and often lost forever

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What We Need

The background features a low-angle, upward-looking view of a modern skyscraper with a glass facade, partially obscured by large, semi-transparent blue geometric shapes. A large, dark blue circle is on the left, and several rectangular blocks of varying shades of blue are layered across the right and center. The word "Overview" is centered in a bold, white, sans-serif font.

Overview

What is Capital Allowances?

Tax relief allowing businesses and investors who pay tax in the UK, to deduct from their taxable profit, the value of their qualifying expenditure that is capital in nature such equipment and buildings.

Capital expenditure relating to buildings or industrial/ engineering plant are typically where we can add value.

Examples of qualifying expenditure include, mechanical and electrical systems, furniture, IT systems, and in some cases, walls, floors, etc.

Key types include:

→ **Plant & Machinery Allowances (PMA)**

→ Structures and Buildings Allowances (SBA)

→ Research and Development Allowances (RDA)



A close-up photograph of a person's hands, wearing a dark blue suit jacket and a blue and white checkered shirt, pointing at a tablet. The tablet screen displays a bar chart with several blue bars of varying heights. The background is a solid dark purple color.

Changes in Legislation

At Autumn Statement 2023, the government announced that full expensing would be made permanent, along with the 50% first-year allowance for special rate assets.

Annual Investment Allowances - £1m permanently since April 2023.

Freeports (100% FYA + 10% SBAs) operative date between Oct 2021 to Sept 2026.

130% super-deduction is still available for capex between April 2021 and April 2023.

Undervalued

Client had spent £467,000.00 on improvements to their office and initially did not have an appetite to claim prior to selling the property due to perceived disruption, lack of monetary value and less than ideal records of the refurb.



InnoFund identified £116,750.00 they were about to give away.



Average yield = 25%



The background features a low-angle, upward-looking view of several modern skyscrapers with glass facades. Overlaid on this are several large, semi-transparent geometric shapes: a large circle on the left, a large semi-circle on the right, and a large triangle at the bottom right. The text "Service Offered" is centered in a bold, white, sans-serif font.

Service Offered

How we can help

- Whole development lifecycle CA advice.
- Unrivalled surveying expertise.
- Confirm entitlement to claim and reduce risk of HMRC enquiry.
- Optimise claim with other tax reliefs as well as improve cash flow with retrospective claim.
- Without detailed cost data, we can price up relevant assets that qualify.

New construction

Refurbishment works

Fit out works

Buying buildings



Service approach and methodology



Claim time scale // 4-6 weeks (depending on how responsive client is to our queries)

Client involvement // 2-5 hours

Why us?

- Claim filing support
- Claim defence support
- Site survey visit
- Unrivalled multidisciplinary skillset

Mak Okay-Ikenegbu

Head of Capital Allowances



Experience

Experienced chartered building engineer, construction manager and surveyor acquired over the past 15 years of maximising value on capital projects in the UK and overseas.

Experience leading national capital allowances and land remediation relief business. Sitting at the helm of national surveying and construction group involved in helping clients save money through fiscal incentives such as structures and building allowances, as well as energy and water efficient relief on building installations within the Energy Technology List. This included ensuring that appropriate methodology and approaches for measuring, quantifying and costing construction works as well as valuing land are applied.

Previously Head of Capital Allowances at the Europe and UKs largest R&D Tax & Capital Allowance boutique helping 100s of businesses with their capital allowances and land remediation relief business where he managed the business line account for two regional offices. This included managing a portfolio of large and small sized businesses, investing in commercial properties in leisure, student accommodation, hospitality, manufacturing, healthcare, retail, education, agriculture amongst others.

Experience as project manager delivering building and infrastructure projects of multi-million pound value within the UK and overseas

Professional and Academic Qualifications

Fellow, Chartered Institute of Building (CIOB)
Chartered Construction Manager
Fellow, Chartered Association of Building Engineers (CABE)
Chartered Building Engineer
Associate, Royal Institution of Chartered Surveyors
PhD, Surveying (in view)
MSc, Architectural Engineering
BSc, Architecture

Expertise

- Capital Allowances including R&D Allowances and Structures and Buildings Allowances; and Land Remediation Relief
- Unique specialist experience with a multidisciplinary background in surveying, engineering, architecture, and construction management.
- Combined technical and commercial skillset across diverse sectors; and experience dealing with HMRC enquiries
- Quantification and reconstruction of construction spend where required in identifying tax savings.



The background features a dark blue, low-angle photograph of a city skyline with several skyscrapers. Overlaid on this are several large, semi-transparent geometric shapes: a large circle on the left, a large triangle on the right, and a large square at the top right. The text is centered in the middle of the image.

Identifying An Opportunity

Estimating allowances

How much of their spend could businesses get back?*

New construction

→ **20-50%** may qualify

Some retail and industrial units may be lower at 15% and 10% respectively

Refurbishment

→ **25-50%** may qualify

Fit-out

→ **50-80%** may qualify

Property acquisition

→ **Up to 30%** of acquisition price may qualify

Additional tax relief may also be available through the structures and buildings allowances (SBA)

*Above estimated ranges are based on rule of thumb





// Case Study 1

National Hotel Branch

Originally claimed £20,000.00 in Capital Allowances on a £1,000,000.00 refurbishment cost through mid-tier accountancy practice



InnoFund reviewed their claim and surveyed the building to identify any missed opportunities



InnoFund identified £670,000.00 of expenditure overlooked



InnoFund increased claim from 2% to 67%

// Case Study 2

Grain Storage

Engaged a competitor capital allowances specialist who correctly identified the Grain Storage as plant and machinery



InnoFund engaged for a second opinion and was able to widen the scope of the claim to include the structure underneath the grain storage plant



InnoFund Increased claim from £15,000.00 to £106,000.00





// Case Study 3

Student Accomodation Provider

Student accommodation refurbishment with TCV of £29m including £22m in contractors cost



Analysed the bill of quantities and surveyed 356 dwellings with mix use, due to recent changes in capital allowances dwellings were no longer available to claim under



£4.2m identified with tax savings of £749,862.12

// Case Study 4

Care Home

Client spent £480,000.00 refurbishing a residential site for new use as a care home



Accountant claimed £30,000.00 originally



InnoFund successfully increased claim from £30,000.00 to £250,000.00



Purchase Of Mixed Commercial And Residential High Street Property

Acquisition of £1m investment property comprising of ground commercial units and upper floor apartments



Detailed analysis including site survey visit to assess the various components of the asset



£150,000.00 of allowances relating to the commercial unit identified, with cash tax savings of £28,000.00

The background features a low-angle, upward-looking view of a modern skyscraper with a glass facade. The image is overlaid with several semi-transparent geometric shapes: a large dark blue circle on the left side and several overlapping triangles and polygons in various shades of blue and purple on the right side. The overall color palette is monochromatic, consisting of different tones of blue and purple.

What We Need From You

Information required

- Nature of the prospect's business
- Type of expenditure or claim
- Value of the capex incurred
- Type of property or how it is used
- Date of expenditure
- Any grant, or capital contribution from a third party?

Documents required

General

- Accounts
- Tax computation
- Fixed asset register

Building acquisition expenditure

- Land registry transfer document or sale and purchase agreement
- CPSE 1





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