



ADVALOREM

# Property & Construction

A guide to **tax reliefs** in the property &  
construction sectors.

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# Property & Construction

The property and construction sectors have a variety of tax saving opportunities available to businesses who are undertaking eligible activity.

In this guide we cover four of the main reliefs available to companies in the property & construction industries, including:

- R&D Tax Relief
- Stamp Duty Land Tax Relief
- Land Remediation Relief
- Embedded Capital Allowances

We will provide a brief overview of each relief that will:

- Outline the key eligibility criteria
- Provide examples of qualifying areas
- Indicate buzz words to look out for in your business

This information should help you identify if you have any tax saving opportunities available in your business. We recommend you contact us to discuss your situation, so our specialist tax team can assess whether you could be eligible for a tax saving.



# R&D Tax Relief

## in the property & construction sectors

It's a common misconception that only businesses in the technology and science sectors are eligible to claim R&D tax relief, but in fact there are no restrictions in place from HMRC on specific qualifying sectors.

Businesses in the construction industry may well be carrying out research and development projects without necessarily realising it, with engineers and business owners commonly considering what they're working on to "just be their job", but in many cases it could qualify for R&D tax relief.

### What is R&D tax relief?

R&D tax relief is an incentive created by the Government to encourage and reward businesses for innovations and design improvements.

### What qualifies for R&D tax relief?

Typical areas which may qualify include improving products or parts, creating new products or improving processes with efficiencies.

### Example claim in the property sector:

Project - Commercial to domestic listed building conversion

Description - The project sought to carry out a large-scale refurbishment of a listed building, using new and unconventional methods, taking it from commercial to domestic use.



### Buzz words

- More controllable
- Quicker/Faster
- More eco friendly
- More cost efficient
- More durable
- Less waste
- More efficient
- More automated
- More secure





## Capital Allowances in the Property sector

There are a wide variety of different capital allowances which you are able to claim for if you work within the property industry and deal with commercial property.

### What are Capital Allowances?

When a business purchases a capital asset, the cost of the asset isn't tax deductible in the year of purchase, and the depreciation deducted in the accounts for the asset isn't usually deductible either. Instead, businesses receive relief for their qualifying capital costs via capital allowances, at specific annual rates set by the Government.

Some common examples of eligible assets include manufacturing equipment, cars and IT equipment.

## Embedded Capital Allowances

Capital allowances can also be claimed for less obvious capital costs, such as office refurbishments, property development work and other capital items related to commercial property. These are commonly referred to as "embedded capital allowances".

### Examples of capital assets in the property industry:

- Mains services and systems for water, electricity and gas
- Burglar and security alarm systems
- Door entry systems and other electrical installations
- Toilets and other sanitary systems

Each of these items will attract a different rate of capital allowance deduction. If you think you could qualify for these allowances, get in touch to discuss further.





# Stamp Duty Land Tax (SDLT)

## What is SDLT?

Stamp Duty Land Tax (SDLT) is charged if you buy property or land over a certain price in England and Northern Ireland. You pay the tax when you:

- Buy a freehold property
- Buy a new or existing leasehold
- Buy a property through a shared ownership scheme
- Are transferred land or property in exchange for payment (including if you take on a mortgage or buy a share in a house)
- Employers buying an employee's house
- Property developers providing amenities to communities
- Charities buying for charitable purposes
- Claiming back additional 3% SDLT surcharge paid to HMRC

The above list are examples - get in touch to discuss your individual circumstances.

## Can I reduce the amount I have to pay?

There are various reliefs available to reduce the amount of SDLT you pay, examples include:

- First time buyers relief
- Multiple dwellings relief

## How does the claim work?

With the property purchase, your SDLT return must include the claim for relief. If your solicitor has already filed your SDLT return as part of your purchase, an amended SDLT return may be required to submit your relief claim. We can submit an amended SDLT return on your behalf.

If you have overpaid your SDLT, a refund will be issued.



# Land Remediation Relief (LLR)

## What is LRR?

Land Remediation Relief is a form of relief from Corporation Tax available to businesses who acquire contaminated or derelict land and spend money to clean-up that land.

## What is the benefit of LRR?

If you have purchased land in a contaminated state, and spend money cleaning it up, you could be eligible for a deduction of 150% of the qualifying expenditure incurred.

## LRR claim example in the property sector:

If you have spent £30,000 on cleaning up an asbestos contaminated property, then instead of claiming a tax deductible expense of £30,000, you would claim £45,000.

This would therefore reduce your corporation tax bill by £8,550, instead of £5,700. If you were loss-making in the year, you could surrender the loss for a 16% cash credit instead.

## What costs can I claim for?

You can claim for revenue or capital expenditure, such as staff costs or the costs of materials, incurred in restoring land from a contaminated or derelict state, provided you or any connected party were not responsible for the contamination.

## Examples of what you can submit a claim for are as follows:

- Removal of asbestos
- Removal of Japanese Knotweed
- Bioremediation of land contaminated with oil

There are many other eligible land remediation claims, if you think you qualify for the relief, please contact us to discuss your potential claim.





## How can Ad Valorem help you?

**We are an award-winning, family run accountancy practice, striving to help our clients in all aspects of their business.**

Formed in 2001 by Managing Director Nigel Adams, Ad Valorem has provided innovative accounting services to its clients for over 20 years. In recent years, the Ad Valorem team has been recognised at multiple National Accounting awards, including Xero's Mid-Size Firm of The Year 2020, Independent Firm of the Year at The British Accountancy Awards 2019 and Practice Pioneers at the Accounting Excellence Awards 2021.

### **If you have any questions about:**

- R&D Tax Relief
- Embedded Capital Allowances
- Stamp Duty Land Tax or
- Land Remediation Relief

Please get in touch. We have helped many property and construction sector businesses to claim tax relief on the money they have invested in innovation and capital expenditure.

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# Innovative Financial Collaboration.

If your business is in the Property or Construction sector, then you could be eligible for a range of tax reliefs. Contact us today using the details below to speak to one of our specialist tax advisors.

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