



working with you to save your money

Presented by



About CA Tax Solutions

CA Tax Solutions Ltd is a specialist capital allowance company. We carry out retrospective, current year, and new build capital allowance claims, both for individuals and companies in relation to commercial properties right across the commercial sector. Most retrospective capital allowance claims that we deal with lead to a significant tax refund for the client. The whole exercise is carried out in house. In being approved by HM Revenue & Customs (HMRC) means that we have dealt with the vast majority of tax offices throughout the UK and have an enviable reputation for agreeing substantial capital allowance claims with them. All of our dealings with clients are on a strictly private and confidential basis. Our fee is only applicable when we successfully complete the claim having identified a tax benefit for you.

We do not require any up front fees or interim payments.

Benefits & Services

We provide a dedicated professional service that consistently delivers the following benefits:

- Maximum capital allowance tax savings
- Complete confidence that capital allowances are being dealt with effectively
- Maximum efficiency, reducing time and complications to a minimum for our clients and their advisors

We are able to achieve this because of our:

- First class experience, expertise and HMRC approval status allowing us to meet constantly evolving demands in the field of capital allowance legislation with specific emphasis on making retrospective capital allowance claims
- Personal, responsive, tailored service to cater for our clients needs
- Accurate, detailed and robustly supported tax relief claim reports (allowing clients to confidently meet their self assessment obligations)
- Cost effective, value for money fees - we offer a no win no fee service, so there is no downside to involving us.

Capital Allowance Overview

Capital allowances are a valuable form of tax relief available to anyone incurring capital expenditure buying or building commercial property. As a business you can claim tax allowances, called capital allowances, on certain purchases or investments, which means you can deduct a proportion of these costs from your taxable profits and reduce your tax bill.

Capital allowances are available when a commercial property is acquired for use in the course of a trade or property investment business or when commercial new-build, extension or fitting-out/refurbishment works are undertaken. Good examples of such properties include factories/industrial units, leisure facilities, filling Stations/garages, workshops, depots/warehouses, distribution

centres, haulage yards, transport facilities, office complexes, retail stores/showrooms, nursing/residential homes, hotels/b&b's, cold storage facilities & staff welfare facilities.

Entitlement to Capital Allowances

Capital allowances are available for two main reasons:

Firstly, accounting depreciation is not an allowable deduction for tax purposes. However, capital allowances are available instead, which give a tax deduction under rules set out by Government (this is why capital allowances are sometimes called 'tax depreciation'). Secondly, because capital allowances provide valuable tax breaks, the capital allowances system is used to provide incentives to invest in commercially and economically desirable assets.

Capital allowances are a right, not a privilege and are best thought of as a reduction in the purchase price of the assets. They significantly boost the post-tax yield on an investment. In short, capital allowances are an entitlement; if you have incurred the expenditure you deserve the tax benefit.

Why Claims are commonly overlooked

Lack of Expertise

Experience shows that unless a business has access to the appropriate level of expertise it is rare for all available tax allowances to be identified which means that the majority of businesses are not claiming all the tax allowances they are entitled to. In short, the majority of commercial property purchases and subsequent developments i.e. refurbishments, conversions & extensions, are conducted without identifying all eligible items of plant & machinery and that potential claims for capital allowances have been missed. The ultimate consequence of this is that most businesses are paying more tax than they need to.

Complex Legislation

Tax legislation covering the availability of capital allowances is complex. Many of the underlying principals that determine how certain items of expenditure are treated are deeply embedded in case law. The problem of identifying eligible expenditure is further compounded by vague or unavailable building documentation that makes it difficult to formulate a comprehensive claim and obtain the full tax relief due. Specialist knowledge is vital to ensure that the key information and documentation is obtained and correctly interpreted so that all qualifying assets are proactively identified.

Failure to Identify Expenditure - Plant & Machinery Allowances:

The most common failure in identifying eligible expenditure arises when businesses do not identify items of plant & machinery (P&M) within buildings that they own. Prominent P&M assets that make up the intrinsic fabrication of a commercial building include heating and cooling systems, emergency lighting, security systems & sanitary ware etc. Typically these costs are not segregated from the building cost and are coded to freehold additions with no allowances claimed.

Misconception over claims timing - Retrospective Claims

As highlighted above, the complexity and constantly evolving nature of tax legislation in this sophisticated area and interpretation of

HM Revenue and Customs' rules mean that substantial amounts of allowances go unclaimed. One of the most common misconceptions is that capital allowances need to be claimed when the cost is incurred. This is untrue. It is possible in the majority of situations to claim missed allowances going back several years, often to when a property was originally acquired and for items that were not thought to qualify at the time. In short, there is no time bar on this exercise; as long as the items are still in use for the purpose of the trade it is viable to claim tax relief for expenditure dating back to when the property was first purchased.

Foreign Holiday Lettings (FHL's)

Following the April 2009 Budget the tax advantages of Furnished Holiday Let (FHL) status have been extended to cover properties within the European Economic Area (EEA). For the first time, owners of European FHL's can claim capital allowances. There is only a limited time period to take advantage of this opportunity so owners must act swiftly. If your FHL is situated in the EEA and is available for commercial letting and you are a UK taxpayer then you are just a few steps away from a potential tax rebate.

FAQ's

1. My accountant already deals with our capital allowances. Isn't this something they should have done already?

Most accountants do provide capital allowances advice. However, we have consistently been able to generate significant extra value by identifying opportunities to increase and accelerate tax savings. This is even where our client was initially sceptical that we would be able to add any value beyond their existing adviser. Capital allowances claims are ideally suited to being dealt with on a stand-alone basis separately to other tax matters and we work alongside other advisers without any conflicts of interest or scope overlap issues occurring.

2. My accountant assures me they have already claimed everything

We are specialists, we have a different skill-set and more in depth and up-to-date understanding of capital allowances law and practice than most accountants, who deal with the issue less frequently and widely than us. Your accountant will claim on everyday purchases such as curtains, carpets, fire extinguishers and radiator covers but unless a specialist surveyor has analysed the property then you may be missing out on a potentially large capital allowance claim. We are not undermining your accountant. In fact the majority of our clients are

introduced to us by accountants as it is not in their remit to perform retrospective claims. Your accountant is not a property expert. If your accountant hasn't undertaken a detailed survey of the property it is highly unlikely that all allowances have been claimed.

3. What if this causes problems with HM Revenue & Customs?

HM Revenue & Customs are used to dealing with these claims and our specialist advisors will deal with all stages of the process. In the unlikely event of any issues being raised it is part of our service to resolve any queries.

4. Will this affect my capital gains tax or reduce the value of my property?

When you come to sell this will in no way affect your capital gains tax liability nor can you be taxed on a tax refund. Capital allowances are a right, not a privilege, and are not taken into account when property is valued for commercial or accounting purposes.

5. I bought my property 10 years ago. Can I still claim?

Yes. It is possible to claim capital allowances in any later year's tax return, as long as the assets are still owned in that later tax year.

6. I don't have sufficient taxable profits to benefit from capital allowances. Should I bother with them?

Yes. In our experience it is always best to identify capital allowance qualifying expenditure promptly. Firstly, you may have other income, or profits elsewhere in a group of companies, that the capital allowances can be offset against. And secondly, when you become profitable and have used all your carried forward tax losses, then the capital allowances will be invaluable. Many allowances can also be 'disclaimed', which means identifying and agreeing the amount qualifying for tax relief up-front, but choosing to defer claiming the relief until it is actually needed. On a number of occasions we have seen businesses short-sightedly failing to claim capital allowances because they are loss-making, and then not claiming in later profitable years when they need the relief.

7. It sounds too good to be true. There must be some hidden costs?

There are absolutely no hidden costs. Should we fail to identify an additional £25,000 in unclaimed capital allowances then there are no fees whatsoever. In short, there is absolutely no catch, if you benefit then so do we. You have paid this money out why not get some of it back.

Case Studies

Sector	Property/Build	Year/s	Location	Purchase Cost/Expenditure	CA Claim	Total Tax Benefit	Tax Rate
Business	Office Refurbishment	1994-1996	Manchester City Centre	£1,150,000	£352,115	£102,100	29%
Leisure	FHL (UK)	2004	Helensburgh, Scotland	£550,000	£104,170	£16,900	40%
Industrial	Industrial Unit	2006	Flintshire	£410,000	£75,649	£16,000	21%
Retail	Retail Park	2008	Bolton	£14,150,000	£4,480,000	£1,210,000	29%
Healthcare	Purpose Built Medical Centre	1997	Oxfordshire	£1,200,000	£364,340	£127,520	40%
Leisure	FHL (EEA)	2001	Javea, Spain	£860,000	£215,000	£33,900	40%

General Terms of Business

1 I/We understand that CA Tax Solutions Ltd have the exclusive rights to undertake the claim for current and retrospective Capital Allowances for the period up to and including the date on this agreement.

2 In this agreement where the context so admits importing the singular shall include the plural and where the client is more than one person agreements herein are deemed to be joint and several.

3 I/We agree, wherever possible, to supply the information and documentation requested by CA Tax Solutions Ltd promptly and also provide written authority and encouragement to third parties enabling them to provide information and to correspond with CA Tax Solutions Ltd in connection with any capital allowance claim. The client consents to bear their own costs and those of any third parties in providing this information. All documentation requested by CA Tax Solutions Ltd must be provided by the client

and will be deemed to be correct. Where CA Tax Solutions are processing a claim for a Capital Allowance, copies of any correspondence between HM Revenue & Customs and client(s) as above relating to the claim or any previous claims, as appropriate, are to be made available to CA Tax Solutions Ltd in tandem with any other information considered by you or your taxation advisor to be pertinent to the preparation of a capital allowance claim.

4 I/We agree that following on from the work covered by this agreement we will seek specialist taxation advice before entering into a contract for the sale of the property, such advice to be in respect of the sale price relating to the fixed assets of the business in order to maximise the benefits of capital allowances.

5 I/We understand that CA Tax Solutions Ltd hereby undertakes to assess the eligibility of My/Our business for a claim to capital

allowances, and to process the said claim on the basis of the information provided on My/Our behalf. CA Tax Solutions Ltd will establish the figure in which such capital allowances can be made and will prepare a schedule of the items upon which allowances may be claimed and supply this to the accountant/advisor for submission to HM Revenue & Customs.

6 CA Tax Solutions Ltd reserves the right to decline to carry out any work at its discretion and accepts no responsibility or liability for any subsequent cost, taxation or similar liability, loss of relief, claim or counter claim which may arise as a result of any negotiations with HM Revenue & Customs or any other public or Statutory body. CA Tax Solutions Ltd shall have no responsibility for allocating the capital allowance claims or the making of any such claims once they have fulfilled their obligations here under to render to schedule of items on which additional allowances are due.

Financial Arrangements

1 I/We agree that fees in relation to this contract shall become payable as follows:

- A survey fee of either:
 - FHL's**
 - £595 inc VAT payable now (if the property is a holiday let and based in the UK)
 - £995 inc VAT payable now (if the property is a holiday let and based in Europe but outside the UK)
 - UK Commercial Properties**
 - £750 plus VAT at a future date for total capital allowances identified up to £500K
 - £995 plus VAT at a future date for total capital allowances identified at £500K up to £2 million
 - £1,500 plus VAT at a future date for total capital allowances identified at £2 million up to £5 million
 - £2,500 plus VAT at a future date for total capital allowances identified at £5 million plus
- All the above are subject to a percentage fee of the total amount of capital expenditure identified by us as qualifying for capital allowances. The percentage fee is 5% or 6% (5% if the property is owned by a limited company, 6% if owned by a private entity) of the total additional amount identified as being eligible for capital allowances.

2 **Should CA Tax Solutions Ltd fail to identify at least £25,000 of additional capital allowances then no fees are payable whatsoever.**

3 All fees become payable to CA Tax Solutions Ltd upon the receipt by CA Tax Solutions Ltd of confirmation from the client(s) taxation advisers that the additional expenditure identified may be claimed as additional capital allowances due. CA Tax Solutions Ltd reserves the right to levy such fees where the client(s) taxation advisor does not provide confirmation of his acceptance of the expenditure in our report and his intention to submit a claim to HM Revenue

& Customs, or his rejection of our report with an explanation of the reasons for non acceptance within 14 days or where the full amount of allowances identified by CA Tax Solutions Ltd as being available are not received by the client(s) due to some fault or omission by the client(s) or their advisors. In the event of any dispute from HM Revenue & Customs as to which items identified in our report qualify for such allowances, CA Tax Solutions Ltd will provide whatever specialist assistance is required in order to assist with the agreement of such claims with HM Revenue & Customs.

The next steps

- 1 Complete the CATAX Contract
- 2 Solicitors & Accountants Details
- 3 Obtain Purchase, Accounting & Prior Claims Information
- 4 Initial Analysis
- 5 Full Site & Property Survey
- 6 Produce Capital Allowance Report
- 7 Accountant Sign Off