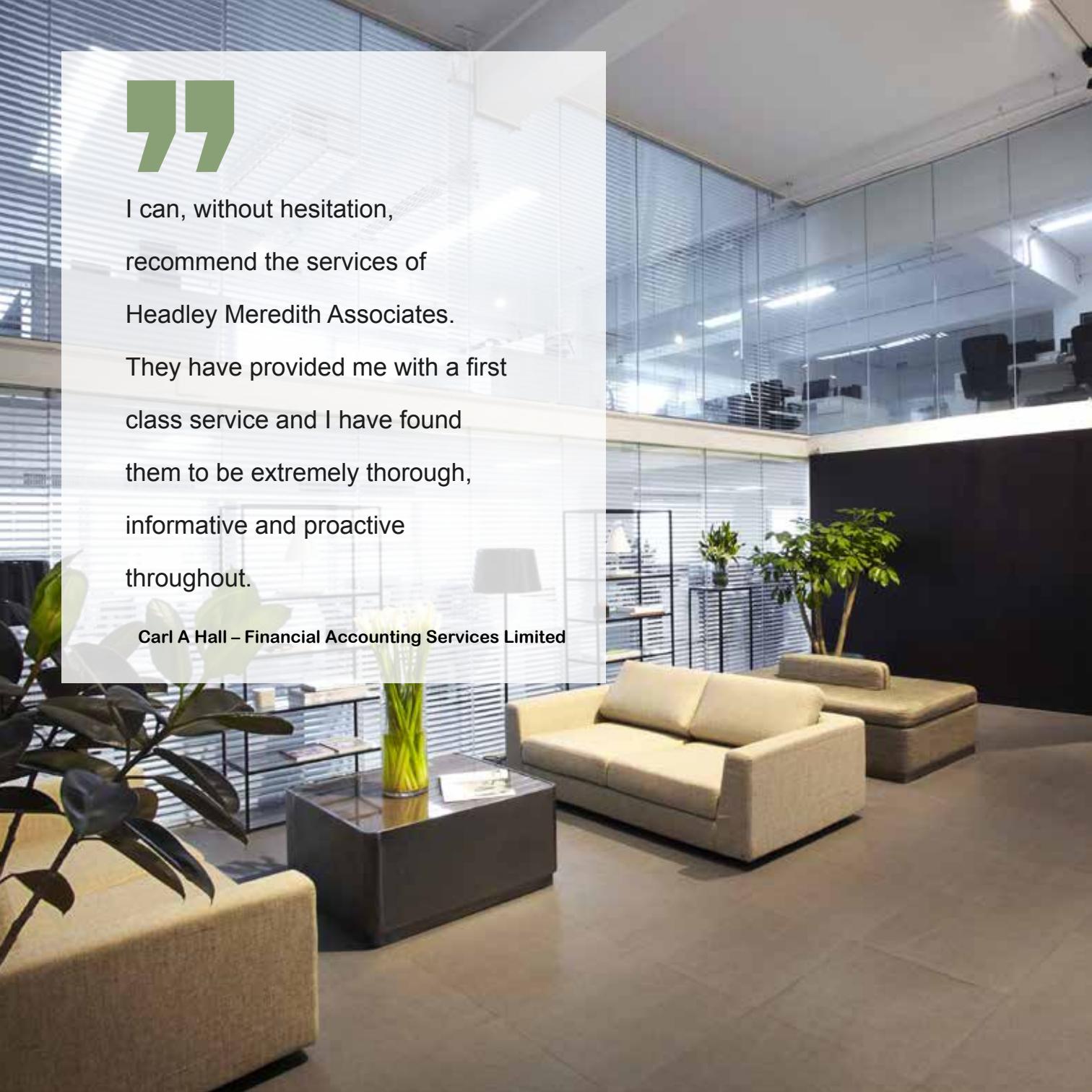


Headley  
Meredith  
Associates

Partnership Proposition  
for Accountants

Embedded Capital Allowances

A large, modern office lounge area with glass walls, a beige sofa, a coffee table, and indoor plants. The space is bright and airy, with a high ceiling and large windows. The lounge features a beige sofa, a dark wood coffee table with a vase of white flowers, and a floor lamp. There are several indoor plants, including a large green one in the foreground and a smaller one on a table. The background shows a glass-walled office area with desks and chairs.

”

I can, without hesitation,  
recommend the services of  
Headley Meredith Associates.  
They have provided me with a first  
class service and I have found  
them to be extremely thorough,  
informative and proactive  
throughout.

**Carl A Hall – Financial Accounting Services Limited**

# 01

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## WHAT ARE ECA CLAIMS?

Embedded Capital Allowances are a form of tax relief available to commercial property owners in the UK, based upon items that are part of the building. Claiming these allowances can result in a cash rebate from HM Revenue & Customs.

# 02

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## THE PROCESS

We identify the property details to identify a claim, then we arrange for our chartered surveyor to survey the property, and once their report has been completed our tax specialists assesses and quantifies the level of allowances the property will apply for. We will work with your client to help prepare the tax return.

# 03

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## CASE STUDY

One of our clients had acquired a hotel for £1.5 million. We subsequently identified a claim for capital allowances of fixtures acquired with the purchase of £321,248. As a result, the total tax relief based on their 40% tax rate was £128,500.

# 04

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## THE LAW

In the past, incorrect elections have meant inaccurate information being sent to HMRC. Under the new legislation, HMRC can reject the submission of an incorrect election which could result in the loss of allowances. We can help your client avoid this situation.

# 05

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## HOW WE HELP

Headley Meredith Associates work closely with accountants to achieve valuable tax savings for their clients. With our specialist team, we work with you and your client to prepare the report, ensuring that your client claims the most substantial tax relief available.

# 06

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## PARTNERSHIP

We have a significant network of accountants we provide these highly specialised services to, and working with us would enable you to offer a valuable service to your clients whilst avoiding you having to employ your own team of specialists.

# What Are Embedded Capital Allowances?

If your clients are commercial property owners and pay tax in the UK, then they could have the potential to claim tax relief in the form of Embedded Capital Allowances on their property. Your clients may be unaware that their property could be holding thousands of pounds of unclaimed tax relief based upon allowances on items such as air conditioning, kitchen and toilet fittings.

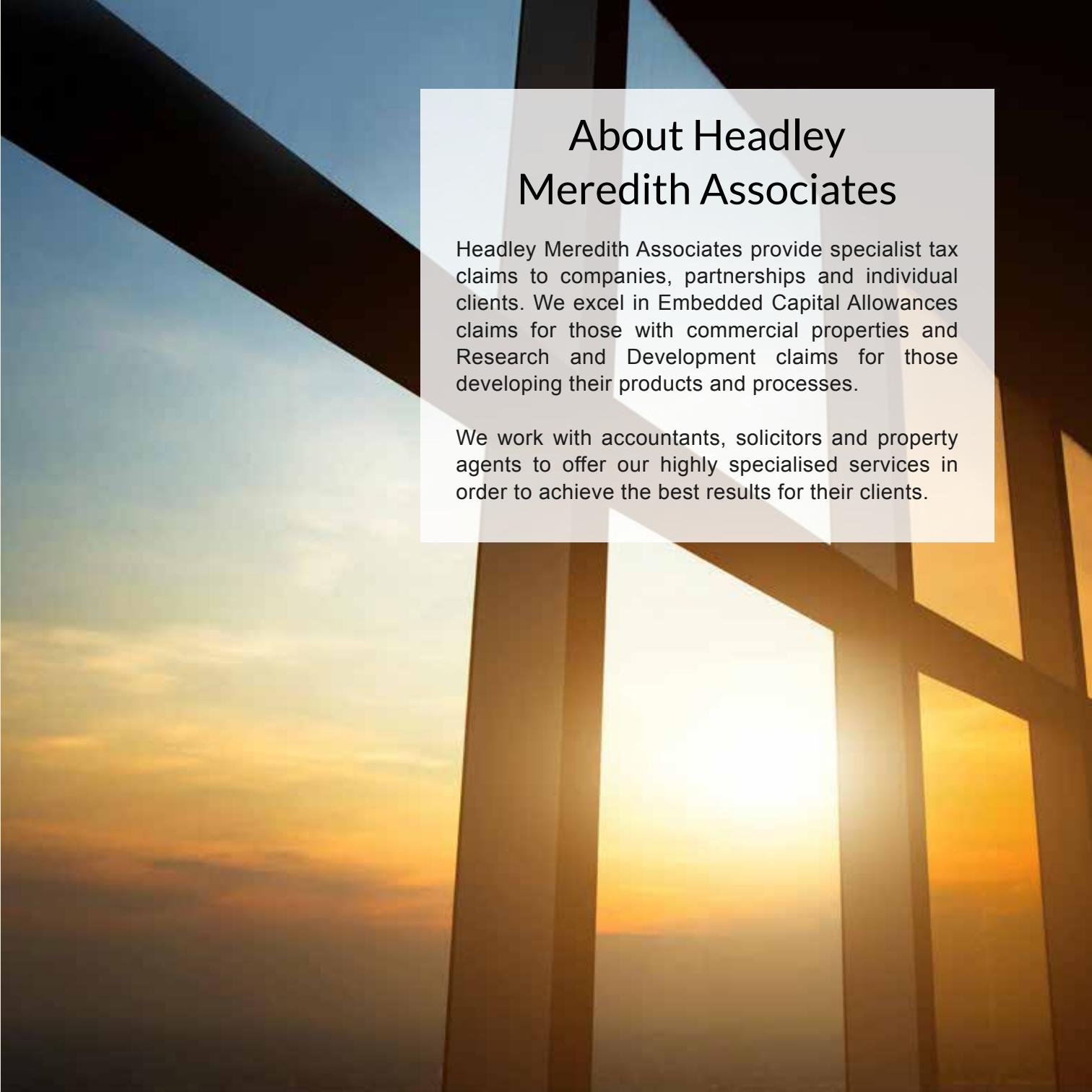
Headley Meredith Associates work closely with accountants to achieve valuable tax savings for their clients. We work with you and your client to prepare the report, ensuring that your client claims the most substantial tax relief available.

Whilst we understand that you as the accountant will be picking up on expenditure that can be claimed when you see the invoices, many items may be mislabelled or hidden, and you would need a specialist team to identify these allowances, such as the one we have here at Headley Meredith Associates, which includes a chartered surveyor, chartered tax advisor and a quantity surveyor.



In a typical month we will complete approximately 30 reports on properties valued between £250,000 and £2m, with a 100% success rate with HM Revenue & Customs for tax refunds.

In a recent law survey, over 60% of commercial property owners stated that they relied on their accountant to maximise their legitimate tax claims. By working with HMA, you can provide this valuable service to your clients without having to employ your own team of specialists that would be necessary to offer this service.



# About Headley Meredith Associates

Headley Meredith Associates provide specialist tax claims to companies, partnerships and individual clients. We excel in Embedded Capital Allowances claims for those with commercial properties and Research and Development claims for those developing their products and processes.

We work with accountants, solicitors and property agents to offer our highly specialised services in order to achieve the best results for their clients.



## **Week 1**

### **INITIAL FACT FIND**

Here we identify the property details and start our enquiries with you to ensure that it qualifies for a claim. If you can ensure that your client responds to our queries quickly then this would greatly speed up the process. Our requests are never demanding, but relate to information only they are likely to hold. We will be looking at the type of property, when it was purchased and your clients' tax rate.



## **Weeks 2-3**

### **CHARTERED SURVEYOR**

We will then arrange for a member of our team who will be a qualified chartered surveyor to survey your clients' property. Our surveyors have a great deal of experience in identifying and submitting Embedded Capital Allowance claims within commercial properties, and we can assure you that our surveyors will assess the property in a manner of utmost professionalism.



## **Weeks 4-5**

### **CHARTERED TAX SPECIALIST**

Once our surveyor has completed their report our tax specialist will assess and quantify the level of allowances your clients' property will qualify for. The specialist will prepare a detailed report for approval by yourself and additionally in a format acceptable to HM Revenue & Customs.



## **Weeks 5-10**

### **HMRC REFUND**

We will work with you to help prepare your clients' tax return to ensure the correct information is submitted. This then results in a refund of overpaid tax. This return also provides a template for future claims and tax returns.

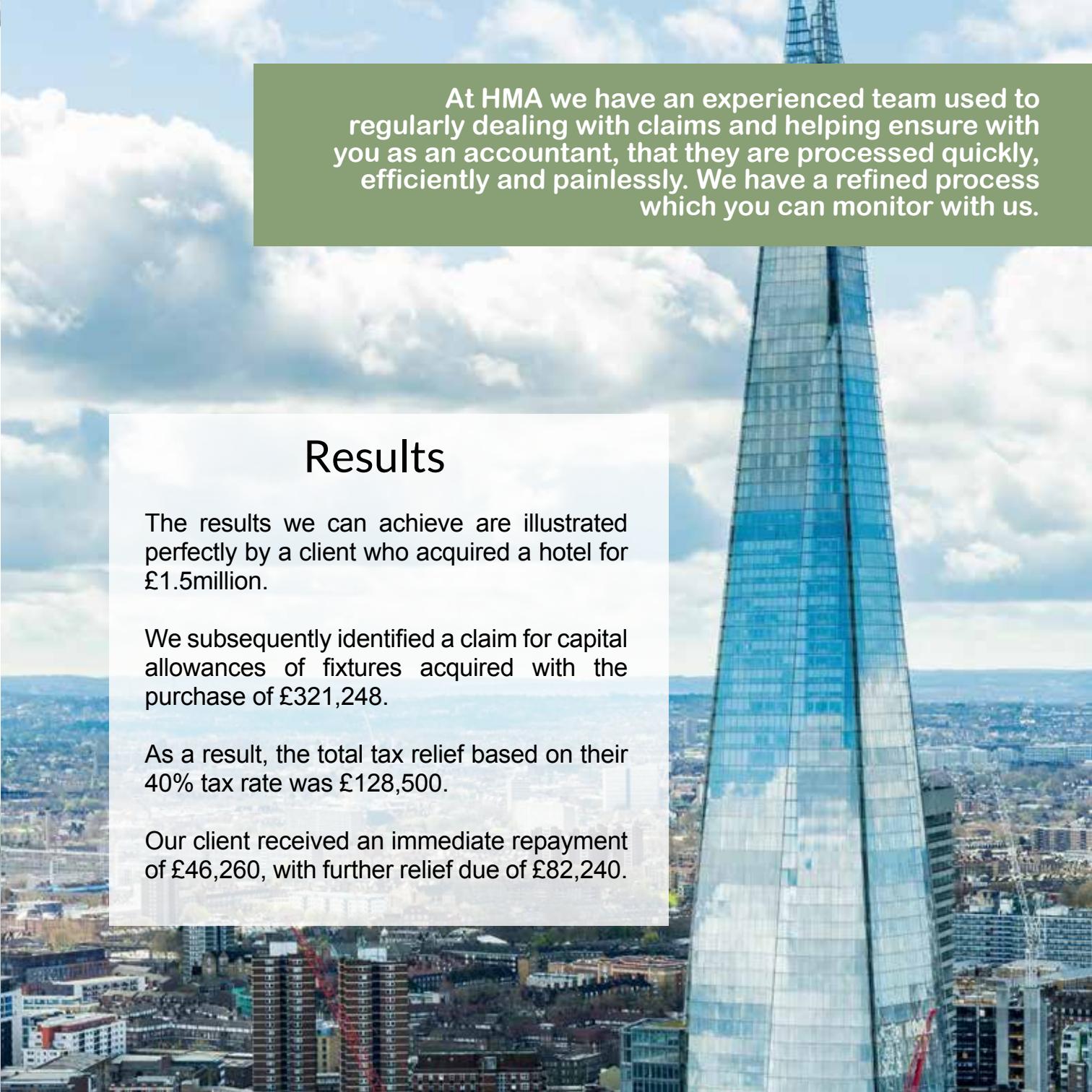
# How It Works In Practice



A usual review takes between six to eight weeks. Once we have the confirmation from you to proceed we will arrange to speak to your client to obtain the necessary information.

HMA will either provide our service directly to your client via an introduction after which we will pay a commission or we will work for yourselves on a “white label” basis whereby we charge a set fee leaving you free to charge your client.

Your commission options would be to either have the commission yourselves, pass the savings onto your clients, or have the commission donated to charity.



At HMA we have an experienced team used to regularly dealing with claims and helping ensure with you as an accountant, that they are processed quickly, efficiently and painlessly. We have a refined process which you can monitor with us.

## Results

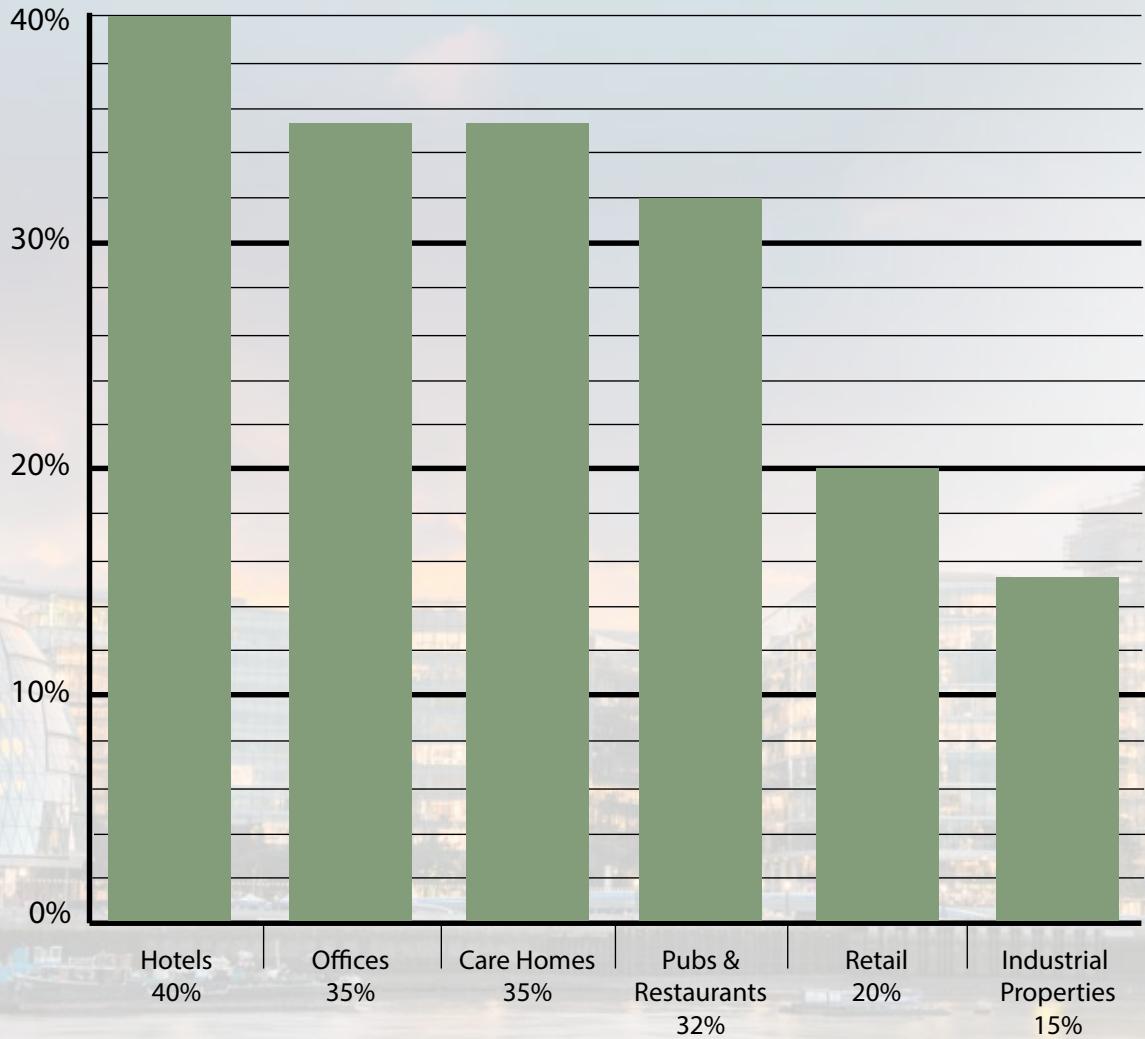
The results we can achieve are illustrated perfectly by a client who acquired a hotel for £1.5million.

We subsequently identified a claim for capital allowances of fixtures acquired with the purchase of £321,248.

As a result, the total tax relief based on their 40% tax rate was £128,500.

Our client received an immediate repayment of £46,260, with further relief due of £82,240.

# Potential Allowances



# Case Study

We had another client based in Belfast who owned a building that he operated his company from, along with two more buildings he owned personally and rented out.

These buildings were a mixture of offices and industrial units which was complicated when he then sold off part of one of his own buildings to his company but retained the other half.

Other specialists had looked at this and walked away as it presented a complex case to put together a report that would accurately define both his own and his companies' available allowances and ensure HMRC requirements were met.

As a result, we successfully identified a total in excess of £500,000 in allowances and accurately identified which of those his company could claim and which he could claim personally.

David Martin, owner of Arctic Spas, explains his surprise in finding that he could claim:

**“I couldn't believe that my accountant didn't do this, and when I found out I was able to claim back a substantial amount of tax benefits. It turned out that all I needed was a specialist team to identify certain embedded items.”**

# Legislation

## ***Improving Current Practice***

In the past the CAA2001 s198 (freehold) and CAA 2001 s199 (leasehold) elections have often been completed poorly with inaccurate information or with historical detail not being taken into account and sent to HMRC- and there may be many reasons for this.

However, under the new legislation, there are legal and commercial ramifications if this continues and it is an area which will now be under much more scrutiny.

HMRC can reject the submission of an incorrect s198 or s199 election or declare it invalid. This could affect the agreement made by both the seller and the buyer, and could result in the loss of allowances.

## ***What if your client doesn't claim?***

A failure to deal with capital allowances could result in a complete loss of allowances for current and future taxpayers who own the property. This is likely to negatively impact upon the market value of the property in the future.

The legislative changes brought about by the Finance Bill 2012 means that the pressure on

you to know more about capital allowances has increased significantly. Let us ease this pressure by dealing with capital allowances on your behalf.

## ***What the new rules mean***

If the 2012 Fixed Value Requirement or the 2014 Pooling Requirements are not met, then the buyer and any future owners will never be able to claim capital allowances on those fixtures. For the business owner, this means an immediate and irrevocable loss of an important tax benefit and, for some types of commercial property, a reduction in future sales value.

For a professional accountant, the complexity of the new rules raises the prospect of their advice being called into question, potentially exposing their professional indemnity insurance. So if you or your clients are contemplating the purchase of commercial property in the coming months, then it's essential to get the best advice you can on capital allowances, which we can provide.

# The Facts About s198/s199 Elections

In accordance with the Capital Allowances Act 2001 (CAA 2001), the current mechanism for agreement by the seller and buyer as to the apportionment of capital allowances for fixtures in a property interest being sold is an s198 or s199 election. The changes to the fixture rules which were included in the 2012 Finance Bill means elections will become mandatory for all property transactions going forward.

Taxpayers have two years from the date of the transaction to submit an s198 or s199 election. If an election is required and not submitted during the two-year window, the effects of the election will not be binding and HMRC could make an alternative assessment for tax purposes. This assessment will mean that the tax liability will be higher as the allowances may not be taken into account.

Ultimately, the allowances will be lost in perpetuity on that property.

The s198 or s199 election notice must be submitted to HMRC and completed correctly to be valid or the whole exercise may become void.

Given the negotiated nature of these agreements it is highly likely that the seller and the buyer will want to reach a settlement on the value and contents of the s109 or s199 election as part of the sale process prior to completion for certainty and at a time when the purchaser at least has more leverage. If the apportionment values cannot be agreed then either party can, within the two-year period of the transaction, unilaterally refer the case to an independent tax tribunal for determination.

# How To Help Your Client

To make your clients aware of the changes and the potential financial benefits, you will need the following information to ensure correct completion of all required forms.

In addition, we will also need copies of the CPSE enquiries and the proposed purchase contract for the transaction in order for us to accurately report on the position.

- **Confirmation of ownership**
- **Details of the date of property purchase and price paid**
- **Full details of any capital allowances claims already made**
- **Copies of any elections entered into**
- **Details of all capital expenditure incurred since property purchase**

If you'd like to discuss any aspect of this with our technical tax specialists or our business development experts please call us or email us using the contact details at the back of the brochure. Alternatively, visit our website for more details on how we can help your client.

# Headley Meredith Associates Can Help



The changes brought in by the new fixtures rules mean that many of your tax paying clients will want to be absolutely certain that they have maximised their capital allowances when they are going through the process of buying or selling a commercial property. Demand on your time will be high as the process is time consuming and complex.

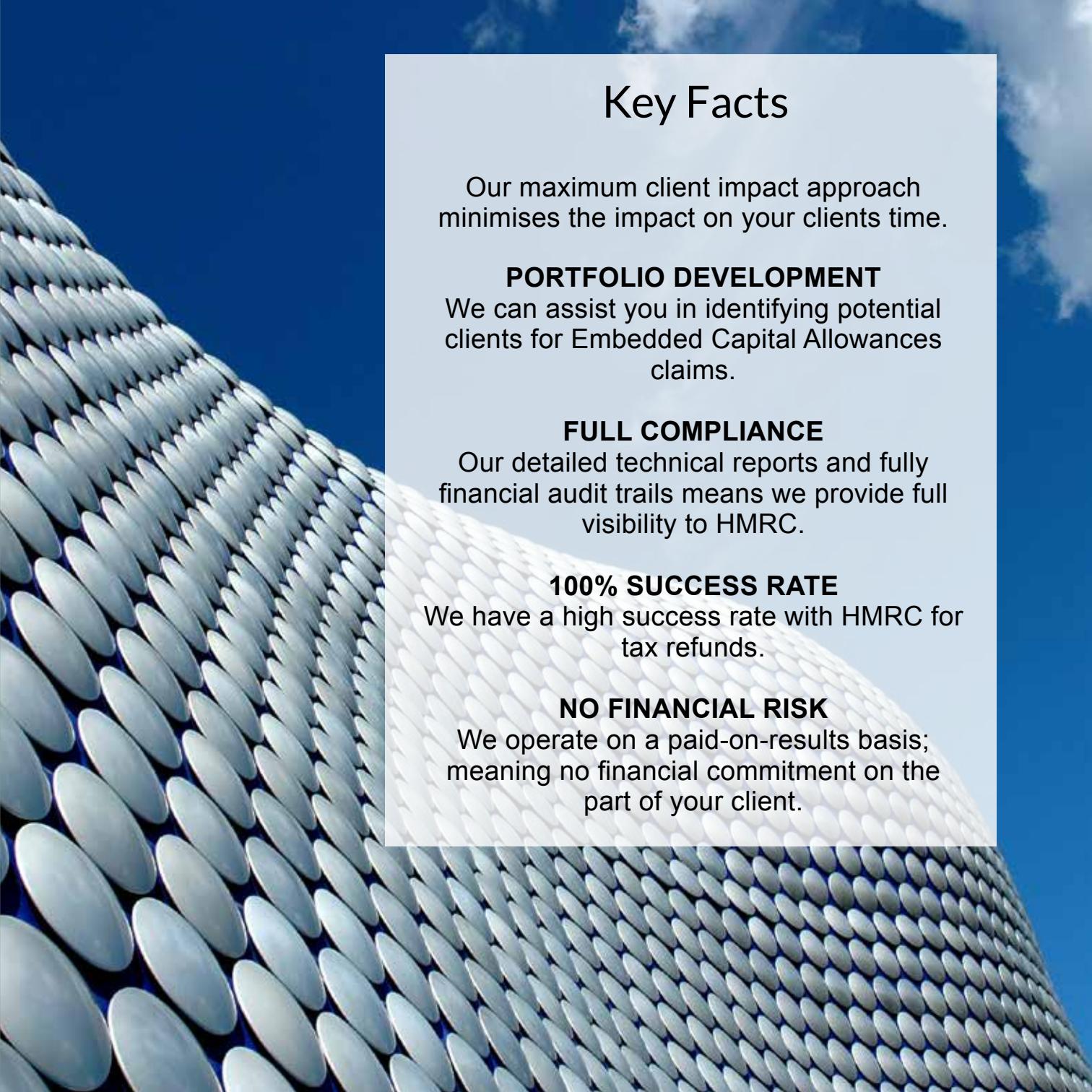
We are the specialists in capital allowances when it comes to maximising the claim for tax benefits. We would like to be your partner of choice when it comes to ensuring that your client is getting the maximum tax return that they are entitled to from their commercial property when claiming Embedded Capital Allowances.

# Proposition of Partnership

We already have a significant network of Accountants we work with to provide these highly specialised services and would be very interested in speaking to you about the possibility of us working with you to provide our services to your clients.

This would enable us to offer a valuable service to your clients whilst avoiding you having to employ your own team of specialists that would be necessary to fully offer this facility whilst at the same time opening up a potentially lucrative revenue stream. Neither you or your clients would have anything to lose due to the fact that we work on a contingent basis so we only charge the client if we successfully identify unclaimed allowances.

We are very aware that when an Accountant introduces us to their clients our services need to be highly professional and efficient to reflect the professionalism of the Accountant. In addition, we do not provide services which will conflict with the services you offer as their Accountant so there is no downside to working with us to refer clients to our services.



# Key Facts

Our maximum client impact approach minimises the impact on your clients time.

## **PORTFOLIO DEVELOPMENT**

We can assist you in identifying potential clients for Embedded Capital Allowances claims.

## **FULL COMPLIANCE**

Our detailed technical reports and fully financial audit trails means we provide full visibility to HMRC.

## **100% SUCCESS RATE**

We have a high success rate with HMRC for tax refunds.

## **NO FINANCIAL RISK**

We operate on a paid-on-results basis; meaning no financial commitment on the part of your client.

# How We Can Work With You

## **REFERRAL PARTNERSHIP**

You refer your client to us and recommend us to them. We do all the work and pay you a % of our fees. Alternatively, we can reduce our fees to your client accordingly- the decision is yours.

## **STRATEGIC PARTNERSHIP**

A strategic partnership involves us working more closely together to identify and pre-qualify clients and gaining agreement from them to use our services. An enhanced level of commission will be paid to you.

## **TECHNICAL PARTNERSHIP**

In this situation, we will partner with you to provide the technical element only of the tax claim process. This can be undertaken for a fixed fee or a split of the success fees, depending upon how you charge your client.

# Estimated Savings

Property Purchase Price	Capital Allowances Available 25% *	Corporation / Income Tax Savings at 20%	Income Tax Savings at 40%	Commision payable to Agent
£400,000	£100,000	£20,000	£40,000	£1,000
£500,000	£125,000	£25,000	£50,000	£1,250
£600,000	£150,000	£30,000	£60,000	£1,500
£700,000	£175,000	£35,000	£70,000	£1,750
£800,000	£200,000	£40,000	£80,000	£2,000
£900,000	£225,000	£45,000	£90,000	£2,250
£1,000,000	£250,000	£50,000	£100,000	£2,500
£1,500,000	£375,000	£75,000	£150,000	£3,750
£2,000,000	£500,000	£100,000	£200,000	£5,000
£2,500,000	£625,000	£125,000	£250,000	£6,250

\*Based on averages. Ranges can vary between 15% and 40%

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