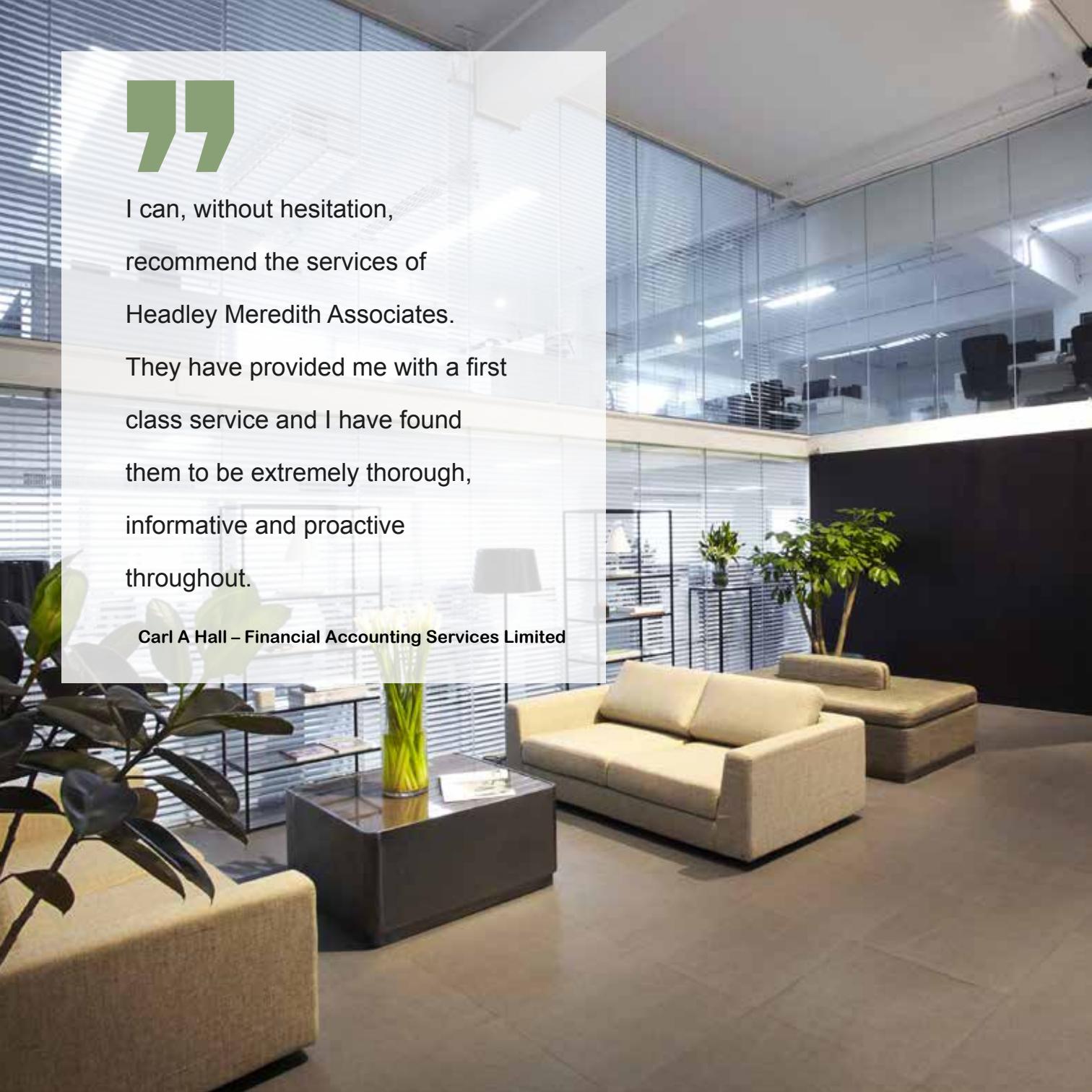


Headley
Meredith
Associates

The Embedded Capital Allowance Specialists

A large, modern office lounge area with glass walls, a beige sofa, a coffee table, and plants. The space is bright and open, with a second floor visible through the glass. The lounge features a beige sofa, a dark wood coffee table with a vase of white flowers, and several potted plants. 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

WHAT ARE ECA CLAIMS?

02

THE PROCESS

03

CASE STUDY

04

THE LAW

05

HOW WE HELP

06

QUESTIONS

What are Embedded Capital Allowances?

Amidst the high profile rhetoric of tax avoidance and evasion there is one area of real tax planning that remains as one of the most legitimate and under utilised forms of tax relief available – Embedded Capital Allowances.

They are a valuable form of tax relief available to anyone owning – buying or selling commercial property and are available on a wide range of properties.

You or your business are eligible to claim Embedded Capital Allowances if you can answer yes to the following questions:

- Do you own a commercial property?
- Are you a UK tax payer?

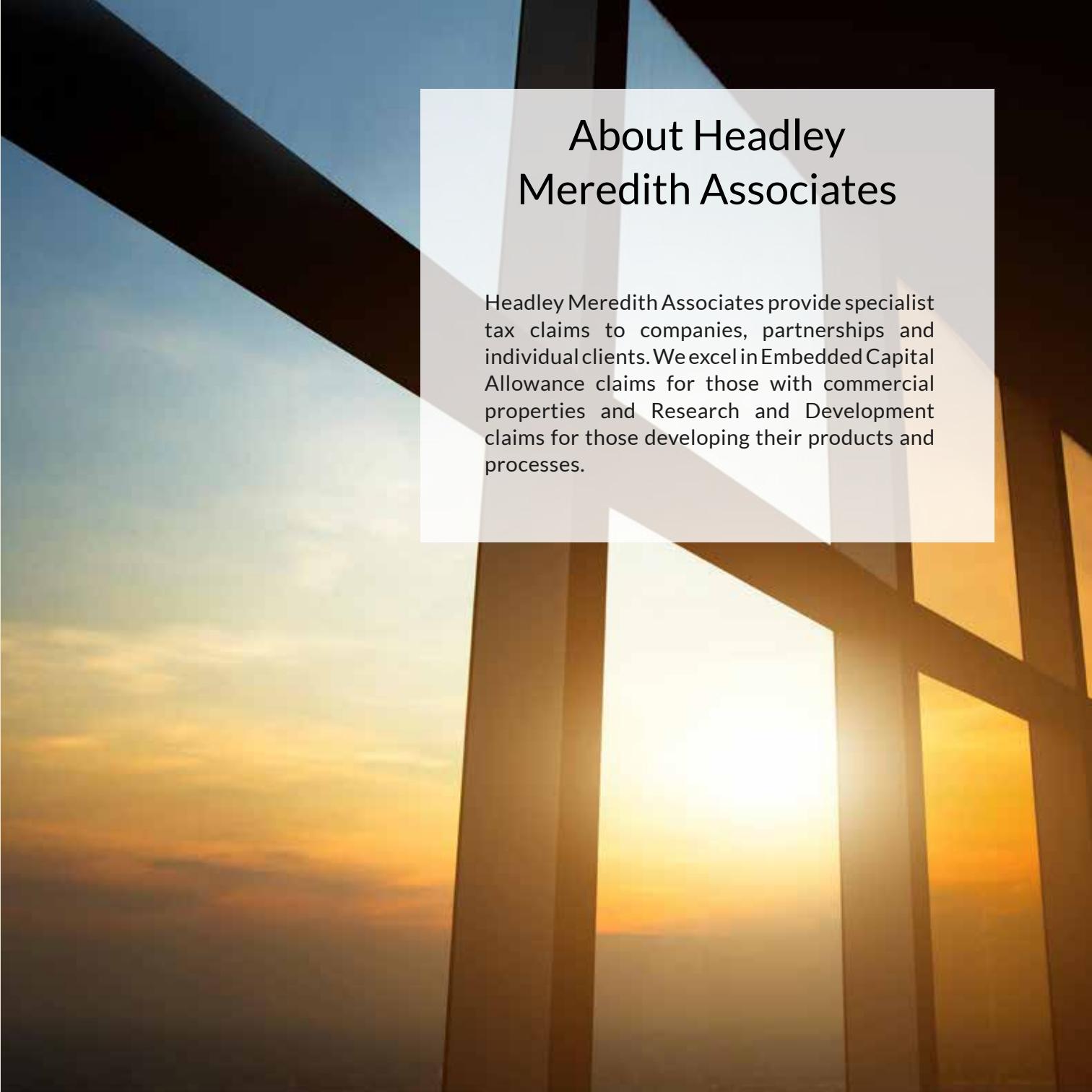
Claiming can result in a cash rebate from HM Revenue & Customs or a reduction in current and future tax bills or both.

Less than 20% of property owners have claimed the Capital Allowances they are entitled to.



Whilst most ‘everyday’ purchases (such as computers, carpets, desks etc) would usually have been claimed for, the more complex and significant items are normally avoided by Accountants because they don’t have the information to deal with them. These include central heating, air conditioning, cabling, security systems and much more.

In a typical month we will complete reports on properties valued between £250,000 and £5m, with a 100% approval rate with HM Revenue & Customs.

The background of the slide features a photograph of a modern building's exterior, characterized by a grid of dark steel beams and large glass panels. The scene is captured during sunset or sunrise, with the sky transitioning from a pale blue at the top to a vibrant orange and yellow near the horizon. The sun is positioned behind one of the glass panels, creating a bright, glowing effect. The overall composition is clean and professional, with the text overlaid on a semi-transparent white rectangular area in the upper center.

About Headley Meredith Associates

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



Week 1

FACT FIND

Here we check the property details and ensure that it qualifies for a claim. We will be looking at the type of property, when it was purchased and your tax rate.

Based upon the initial fact find we will review the property to provide an estimate of the total amount that may be claimed and how much tax can be saved over what period of time.



Weeks 2-3

CHARTERED SURVEYOR

We will then arrange for a member of our team who will be a qualified chartered surveyor to visit your property. Our surveyors have a great deal of experience in identifying and submitting Embedded Capital Allowance claims within commercial properties.



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 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

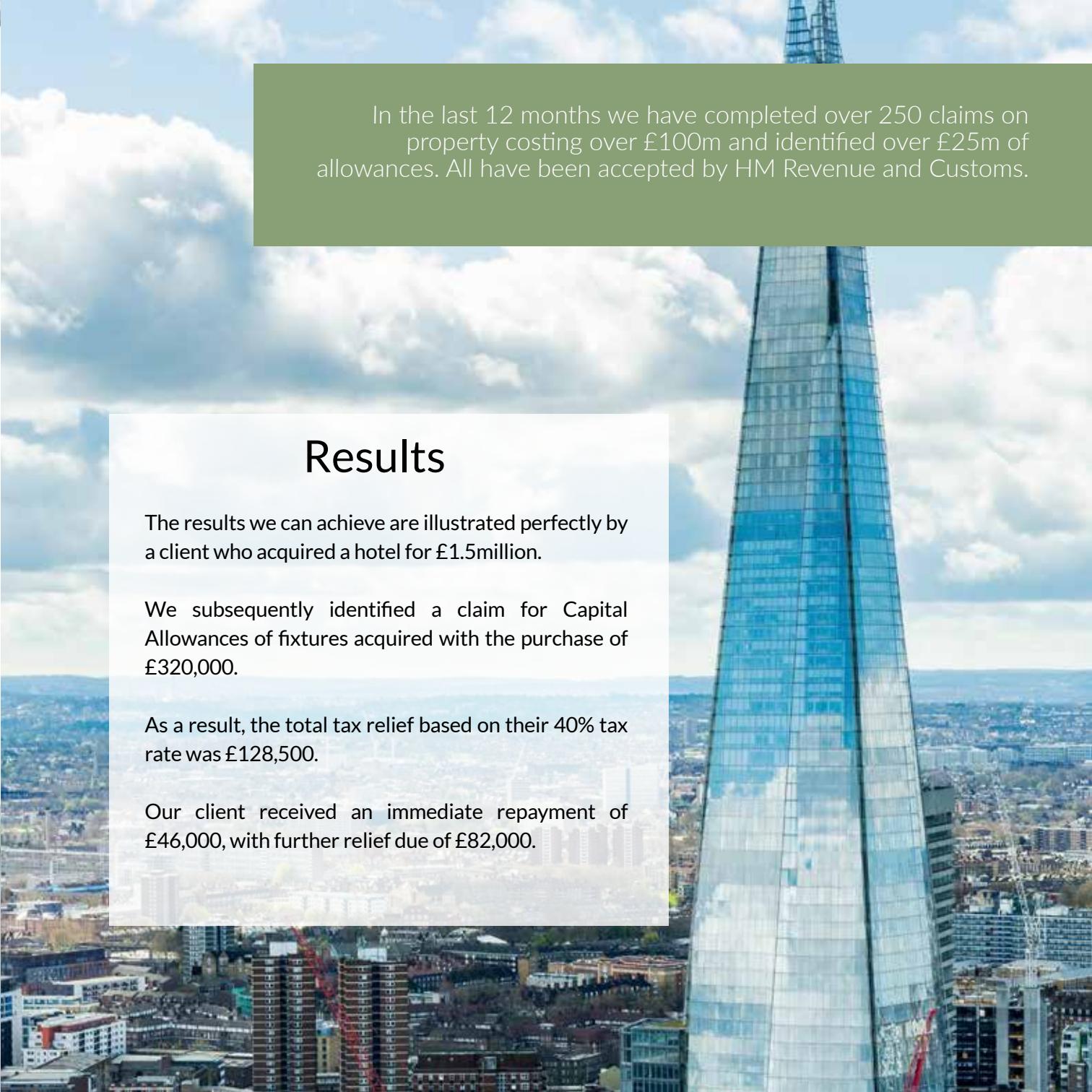
We will then work with yourself and your Accountant to help prepare your tax return to ensure the correct information is submitted. This will then result in either a tax refund or a reduction in your tax liabilities.

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 Accountant to obtain the necessary information.

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



In the last 12 months we have completed over 250 claims on property costing over £100m and identified over £25m of allowances. All have been accepted by HM Revenue and Customs.

Results

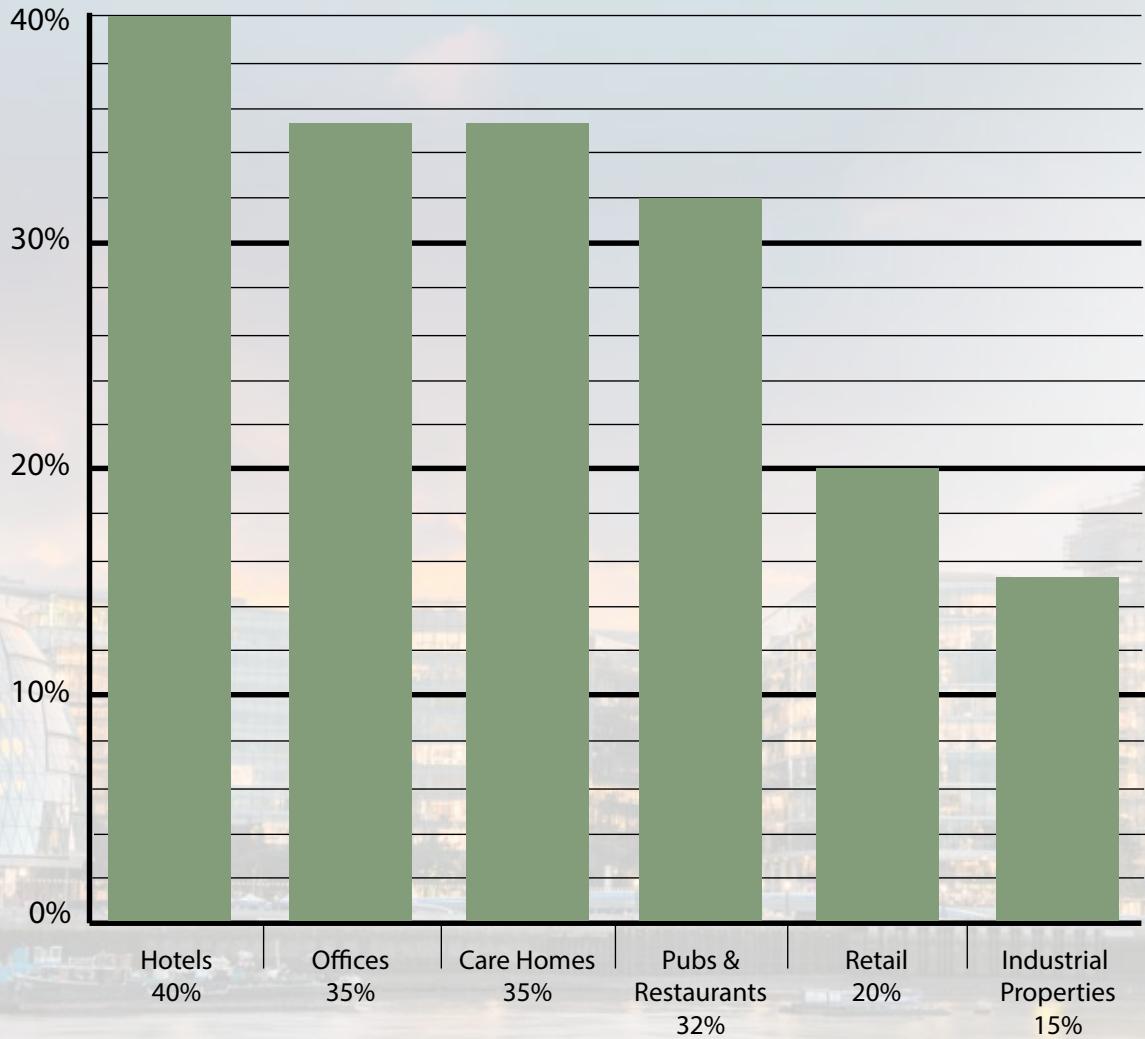
The results we can achieve are illustrated perfectly by a client who acquired a hotel for £1.5million.

We subsequently identified a claim for Capital Allowances of fixtures acquired with the purchase of £320,000.

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

Our client received an immediate repayment of £46,000, with further relief due of £82,000.

Potential Allowances



Case Study

We had another client based in Belfast who owned the 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 CAA2001 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 you don'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.

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.

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 s198 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.

Questions

Who qualifies for Embedded Capital Allowance relief?

If you or your company pay tax in the UK and own a commercial property the chances are you will qualify.

Why is so little known about Embedded Capital Allowances?

Whilst these allowances have been available for a number of years, this is a specialist area requiring a team of tax specialists and Surveyors to work together to identify the allowances and formulate a legitimate claim.

My Accountant already deals with my tax affairs.

Accountants are very skilled at claiming for invoiced capital expenditure such as office furniture and computers. However they rarely have the surveying skills to enable them to claim unseen capital items which may be part of the fabric of a building.

I bought my property 5-15 years ago - am I still eligible?

There is no time bar on claiming for property bought or built before April 2012. However from April 2012 new rules were introduced that effectively impose a tax year time limit where allowances have previously been claimed. From April 2012 these rules have been tightened and if you fall into this category you need urgent advice.

I am buying or selling a commercial property.

You need urgent advice - unless appropriate caveats are included in the purchase and sale agreement before contracts are exchanged then valuable relief may be lost.

Will claiming Capital Allowances reduce the value of my property?

No - these allowances are not taken into account when a property is valued. However if the value of allowances available is established it may help you negotiate a future sale.

Estimated Savings

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

Headley
Meredith
Associates

HEADLEY MEREDITH ASSOCIATES LTD
13 Church Street, Stourbridge, DY8 1LT

Tel: 0800 133 7046
Email: office@hmatax.co.uk
Web: www.hmatax.co.uk