

# Capital Allowances

- Expert knowledge is required to unlock capital allowances
- Capital allowances specialists work with your accountant
- Early specialist involvement is advised.

For confidential and expert garden centre property advice, please contact:

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Gilbert Evans is the sole preferred supplier of property advice to the HTA. Members can contact us via [gardencentres@hta.co.uk](mailto:gardencentres@hta.co.uk)



Surprisingly few garden centre operators know that on fit out or refurbishment works, up to 90% of expenditure may attract tax relief through capital allowances (CA). For existing property acquisitions and new constructions, there may be up to 35% of the purchase price or construction expenditure attracting allowances.

All accountants are familiar with CA and usually identify obvious qualifying items where there are specific invoices. However, unlocking additional capital allowances without expert knowledge can be difficult. With combined expertise in surveying and tax, a CA specialist can breakdown limited construction information and identify and defend the treatment of qualifying expenditure. They work with your accountants to ensure that your allowances are maximised without duplicating effort.

Most garden centres incur significant capital expenditure on new construction, fit out, refurbishment and extension works. CA is available on capital expenditure on qualifying plant and machinery (P&M) items such as fire alarms, security systems, carpets, electrical lighting and power, heating and ventilation, furnishing and many others. Specialist advice should be sought on glasshouses, polytunnels, refurbishments, irrigation, trade drainage, electrical & mechanical services, thermal insulation, electric doors and elements of display fittings.

**Acquiring Existing Properties:** Garden centres are sold as asset or share sales. A CA specialist can quantify and allocate an element of the purchase price to qualifying P&M. Even where there may be a tax election in place, there may still be scope for additional allowances. When engaged early, a specialist can provide appropriate contract wording and effectively value the allowances.

**Landlord contributions:** Whether you are a landlord or tenant, there could be scope to allocate a proportion of paid landlord contributions to CA. Early specialist advice and wording in the lease agreement could better protect your CA position.

**Enhanced Capital Allowances (ECA):** There may be scope for 100% allowances on energy-saving technologies such as lighting, air conditioning, hand dryers, fridges and efficient water saving devices. For certain energy-saving P&M the full cost of compliant assets can be written off against taxable profits in the first year providing 100% tax relief in comparison with the lower writing down allowance at 8% pa. Early involvement will enable ECA claims to be maximised.

We work with trusted specialist CA advisors. If you would like to know more, please contact Mike Gilbert or Allen Evans.