

## Tax specialist warns of capital allowance change

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Corporate clients could lose out on hundreds of thousands of pounds in unclaimed tax relief because HM Revenue & Customs is expected to change the rules on capital allowances, a specialist tax consultant has warned.

Louise McVicker, a spokesman for Capitus, said many businesses were unaware they can claim capital allowances retrospectively on fixtures in their commercial properties.

However she warned HMRC is likely to change the rules so relief cannot be claimed retrospectively in the next tax year.

At the moment companies owning commercial properties can claim against expenditure on items such as air conditioning and ventilation systems, lighting, heating, lifts, carpets and sanitary ware.

For example, if a business bought new premises 10 years ago for £1m, the fixtures within the building could be worth anything up to £300,000. For a company paying 26 per cent corporation tax it would mean a tax saving of up to £78,000 on fixtures. For an individual who pays income tax at the 50 per cent higher rate, the tax savings could be up to £150,000.

Ms McVicker said: "People do not realise there is an inherent value in the fixtures and fittings in the buildings they buy. These are worth a lot in capital allowances, but people fail to claim. They rely on their accountants to do this, but accountants are not property specialists so it is often missed."

At the moment the tax relief can be backdated. However this is likely to change as part of HMRC's changes to stop tax leakage.

Ms McVicker said many clients entitled to legitimate historical claims could be caught out by the new legislation unless they act fast, and that IFAs were best placed to talk to their clients about it.

She added: "The best way for companies to find out if they can claim is to get specialists in, rather than letting an accountant handle it all."

Capitus is offering IFAs introducer fees for corporate clients who might need this type of service.

Aubrey Calderwood, director for Capitus, said: "This presents an opportunity for IFAs to help their corporate clients make considerable tax savings, money which could then be reinvested in the business or used to top up a company pension scheme.

Matthew Allen, director of Middlesex-based Mulberry Independent Financial Advisers, said: "This is of interest because we own our building here. My experience with accountants is they are more reactive than proactive, so what Capitus is saying is true. I will certainly be raising this with my accountant.

"Also with auto-enrolment coming and the difficult economic climate, employers are looking for ways to cut costs or make savings and this could help them out."

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