

Case Study - Retrospective Portfolio Review

The Problem

Capitus were contacted in 2003 by the accountant of a client who developed and invested in commercial property.

It was suspected that capital allowances may not have been fully claimed on a portfolio of 12 properties, with purchase prices totalling £69 million.

The Solution

Capitus were engaged to undertake a review of the investor's portfolio and report on any areas where additional capital allowances could be claimed.

We found that capital allowances had either been under-claimed or not claimed at all on the properties within the portfolio.

Once we had established that additional tax relief could be available, we then embarked on a process of preparing capital allowances claims for those properties where it was possible to do so. This process included:

- Collating documentation to establish the tax history of the property and the basis on which to claim
- Surveying the properties to document those assets qualifying for tax relief
- Preparing reconstruction cost estimates and valuing land in accordance with HMRC and Valuation Office Agency recommended methodology
- Preparing capital allowances claims and submitting to the client's accountants for inclusion with their client's tax return

The Result

The claims were submitted to HMRC and agreed with minor adjustments. The final result was:

- Additional capital allowances of £9,866,000
- A total tax saving of £2,959,000
- An immediate tax rebate of £739,000