

Sector Focus

Nurseries



Background

If you own or operate a children's nursery, you could be sitting on a goldmine of unclaimed tax relief!

In common with most property owners and occupiers, nursery operators incur significant set-up costs in relation to buying or fitting out property but they rarely claim the full tax relief that they are entitled to in respect of this expenditure.

They usually claim for the obvious items such as desks, chairs, play equipment etc, but they can also legitimately claim capital allowances for "Plant & Machinery" items within the property such as heating, ventilation, carpets, CCTV, fire alarms and toilets, items that are often overlooked or not claimed in full.

Furthermore, even if you have purchased a property that is second-hand and may appear not to contain much in the way of equipment, these properties may still offer significant levels of tax relief that is worth claiming.

How much are these capital allowances worth?

The following table indicates typical levels plant & machinery allowances that we would expect to find on the fitting out or purchase of an average children's nursery.

Type of Spend	Expenditure	Average P&M Amount	Tax Relief	
			21%	28%
Fit Out	£300,000	£195,000	£40,950	£54,600
Purchase	£1,000,000	£370,000	£77,700	£103,600

So what can be done?

There are two aspects to maximising the tax relief available to you. Firstly, you have to ensure that you have claimed everything that you were entitled to claim on the historic expenditure that you have incurred. Secondly, you have to make sure that you are claiming everything that you are entitled to claim going forward.

How can I claim my rebate from HMRC?

Many clients ask if there is a time limit on how far back you can go. There is no actual time limit on this but you may be restricted to the financial period in which you can make a claim. However, if we establish that an additional claim is possible, when it is included in a current or recent period, this can result in a welcome repayment of tax from HMRC. Our experts can advise you on the best strategy for your company.

What about going forward?

The capital allowances regime has changed and is continuing to change. You can now claim accelerated tax relief for all manner of things including energy and water efficiency measures. Or, if you acquire premises in a disadvantaged area that have been vacant for a year or more, you may be able to claim tax relief for the entire cost of your fit-out. It is important to ensure that you keep up to date with such developments and claim all the tax relief to which you are entitled.

So what do I do next?

We recommend that we carry out a review of your existing property portfolio and associated costs. This initial review is completely free and without obligation and it will allow us to establish if there is any scope for improving your position immediately and going forward.

For more information, please contact Aubrey Calderwood calderwood@capitus.co.uk