



# PRESS RELEASE

Allowances Crucial to Cash Flow

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**With boom times most definitely over, property investors and developers alike have been faced with unprecedented challenges to maintain cash flow by any means possible. For some the solution has been to make savings through staff cuts, but there are other less painful avenues that should be explored.**

At this time, more than ever, property companies need to ensure maximum cash flows are realised in order to deal with an extraordinary drought in the financial markets. This is achieved, not only by looking at the scope for maximising rental returns, but also by ensuring that as much of the rentals are retained within the business as possible. The property investor, therefore, must minimise tax leakage from his portfolio.



Virtually all types of commercial property expenditure from purchases to refurbishments will have some form of tax relief available. This could either be from a revenue deduction for repairs, or from Capital Allowances for capital expenditure on plant and machinery assets. For traders and investors there are useful allowances available when dealing with contaminated land and contaminated buildings. A massive 150% land remediation tax relief can be claimed on qualifying works.

Until now some property companies have only considered Capital Allowances and land remediation tax relief as the cherry on the cake of some projects. These tax deductions, however, are a vital tool in preserving cash flow that has been hit hard by the harsh economic conditions.

There are no time limits on going back to review old expenditure that may qualify for Capital Allowances. If you still own the asset, then you could make a claim in your current year's accounts or the previous year's, even if you bought the property ten years ago. For land remediation tax relief, it is possible to claim a tax deduction on expenditure incurred within the last two years or, in the case of developers, for any qualifying remediation expenditure incurred during the last six years. This means that you could be entitled to a large refund of some of the tax that you have already paid when conditions were much better.

Going forward, tax allowances should be an integral part of any project evaluation. In some cases they can be a major factor in a project's viability. They may even help secure funding as lenders continue to minimise risk wherever possible.

With the increasingly complex nature of the Capital Allowance and land remediation tax relief legislation it is vital that proper advice is sought. Any opportunities to review old expenditure and factor allowances in future project appraisals should be taken. If not, the only winner is the Treasury.

**For further information, or to discuss any of the above in more detail please contact us on 0800 526262.**