

Introduction to HMRC Consultations

Introduction

Welcome to our briefing on the current HMRC consultations. If you have any views or observations, you would like us to include within our response to HMRC, these will need to be with us no later than Friday 26th August 2011.

Our leading article focuses on the proposed radical changes to the capital allowances regime on property fixtures. Not only is HM Revenue & Customs (HMRC) looking to restrict the availability of these allowances going forward, but the consultation also includes proposals to stop taxpayers existing rights to claim allowances on past expenditure if the claim value isn't established and notified to HMRC within a set time period still to be set out.

We would, therefore, recommend the following actions:

Ascertain the cost of any fixtures on which no claim for capital allowances has yet been made and where a valid claim can be made notify that value to HMRC.

Review the consultation document "capital allowances for fixtures" and respond to HMRC with your views no later than 31 August 2011. If you have any queries on the extent of the consultation, then please contact us.

Our next article looks at the consultation on the proposed abolition of 36 separate tax reliefs being carried forward by the government following a report produced in March of this year by the Office of Tax Simplification (OTS).

This article focuses on three reliefs that are particularly relevant to the property industry.

Our third article focuses on proposals as part of the OTS review to abolish land remediation tax relief in April 2012.

The argument being used by the government is that the tax relief is not driving behaviour, is not being cost effective and that remediation is carried out anyway as a normal part of construction. There are some developers and national house builders who might disagree with these claims.

In response to the proposals we would recommend:

Reviewing the consultation document "consultation on the removal of 36 tax reliefs" and respond to HMRC with your views no later than 31 August 2011. Again, if you have

any queries on the extent of the consultation, then please contact us.

Our fourth article looks at proposals to limit the rate of capital allowances given on renewable technologies that qualify for either the renewable heat incentive (RHI) or feed-in tariffs (FiTs).

Fundamentally the government believes that the payments from both RHI and FiT's are set at an appropriate level and so any further tax relief available to investors in the technologies that qualify, should be limited.

Whilst the proposal are likely to have limited impact on solar PV schemes, they will certainly have a detrimental impact on the allowances available on wind, hydro, energy from waste, combined heat and power, anaerobic digestion and biomass projects.

If you or your clients are involved in renewable energy projects we would recommend:

Reviewing the consultation document "capital allowances: feed-in tariffs and the renewable heat incentive" and respond to HMRC with your views no later than 31 August 2011. If you have any queries on the extent of the consultation, then please contact us.

Our final article looks at the ongoing consultation taking place in research and development tax relief and the government's proposals to increase the benefits and availability of this widely underutilised relief.

The government are on record as saying the U.K.'s research and development tax relief are an important factor in determining the competitiveness of the U.K.'s corporate tax system. As a result, it is very encouraging to see efforts are being made to expand and simplify the system as well as making it easier for smaller start-ups and those companies with heavy investment, but low staff costs to benefit under the payable tax credit scheme.

If you are involved in research and development then we would recommend:

You respond to HMRC on the ongoing proposals, providing them with a valuable insight into your experiences of the current regime.

If you are not sure whether your activities involve any element of research and development, bearing in mind the wide definition of what research and development comprises, then we would more than happy to provide some initial advice and guidance.

We do hope you find these articles of interest and would welcome any feedback.

In terms of the different consultations referred, if you do have any views or observations that you would like us to include as part of our own responses to HMRC, can we request that you send these to Christine Weaver by e-mail at christine.weaver@davislangdon.com, or alternatively by post at Davis Langdon, An AECOM Company, Colmore Plaza, Colmore Circus Queensway, Birmingham, B4 6AT.