

High Quality Restaurant, London, United Kingdom

Challenges

- The client had fitted-out a high quality London restaurant overlooking the Thames.
- The works undertaken comprised the complete refit of the restaurant which had ceased trading. The costs we reviewed covered all expenditure including operational equipment.
- Our involvement was sought to maximise the value claimable for capital allowances and to optimise the cash flow of the consequent tax relief.
- We were engaged post completion, having been brought to the project after the restaurant had commenced trading. We were, therefore, unable to have any input into tax efficient design or aligning documentation in support of the claim.
- The works, being within an existing building, could include demolishing plant and all incidental costs in relation to its installation.

Solutions

- We opened a dialogue with client, his professional team and the contractor who had undertaken the works.
- We obtained specification and cost details in relation to the works contracts undertaken and information regarding the expenditure on professional fees and direct costs of operational equipment.
- We visited the restaurant and reviewed the operations and maintenance manuals and the plant and equipment on site.
- Within the restaurant and hotel property there is the opportunity to claim fittings that create an atmosphere conducive to encouraging customers into the property. This was an area we concentrated on in terms of the decorative fixtures and fittings within the refit.

Results

- 82% of the total cost of the works was identified as plant and machinery.
- Of this 51% of the claim qualified as main pool plant and only 14% as the less beneficial special rate pool plant.
- 17% was identified as short life assets which would be treated the same way as main pool plant until disposed of. If disposed of within five years a beneficial balancing allowance would accrue.
- None of the installations qualified as enhanced capital allowances (energy or water saving plant on the ECA technology lists). If we had been involved at an early stage it might have been possible to adjust the design to obtain some value which would have qualified for 100% first year allowance.
- Decorative assets creating ambience formed part of the main pool plant claim value.



Reflections

- Maximising capital allowances within restaurant works requires an understanding of both the restaurant trade and the case law surrounding properties of this nature.
- If we had been involved at an early stage we might have been able to secure some more beneficial enhanced capital allowances within some of the mechanical installations and kitchen fittings involved.
- We were able to identify demolition works to existing plant and incidental works within the building which helped establish a high allowances value.
- We were also able to identify a value of short life assets that would provide an accelerated value of allowances for these items and would help optimise the tax benefits from the project expenditure.