

Case Study

Client: Southbank Centre
Start date: 2006
Completion date: 2008
Value: £80,000,000
Services: Capital allowances, land remediation relief
Sector: HSC | Culture & Arts

Royal Festival Hall, South Bank, London, United Kingdom

Challenges

- The size and complexity of the project resulted in a large number of work packages, fees and management costs had to be analysed. There were over 2,000 variations.
- The building contained a large amount of asbestos. Remediation costs would be difficult to identify. A land remediation relief claim was required.
- The section 25 works, ie: works incidental to the installation of the plant and machinery was large.
- There was a strong possibility that certain assets could be caught by the long life asset legislation.
- The financiers of the project required monthly assessment and reporting of the allowances.
- Change in legislation for expenditure post 1 April 2008.

Solutions

- The tax team worked closely with the cost consultants to ensure adequate information was obtained in a timely manner.
- Regular in-house meetings ensured that there was no double counting between the land remediation relief claim for asbestos removal and the plant and machinery claims.
- Frequent site visits were carried out by us in order to see the works before they were covered up.
- Periodically the tax inspector was escorted round site to see the project.
- The draft claims were scrutinised and agreed with the regional building surveyor in real time to ensure that there were no nasty surprises at the end of project.

Results

- We identified in excess of £30,000,000 of capital allowances and over £5,000,000 of eligible expenditure qualifying for land remediation relief.
- Fully auditable, substantially agreed claims were prepared and submitted for three financial periods.
- The plant and machinery claims were 90 per cent agreed with HM Revenue & Customs before the works were completed on site.
- The land remediation relief claim was agreed before the second claim was filed.
- The regional building surveyor built up a good understanding of the project, so we were able to tackle the impact of the legislative changes post April 2008 and reach quick agreement as to what sat in the 'new' pool.



Reflections

- Regular contact with the design team and the client was essential in maximising the claims.
- We gained a thorough understanding of the project and the costs from escorted site visits.
- We demonstrated that a good understanding and logical interpretation of the legislation was critical in winning over HM Revenue & Customs during our negotiations with them.
- The speed at which we were able to agree the categorisation of the various asset classes with HM Revenue & Customs, ie: long life assets, integral plant and section 25 works was helpful. We knew upon what basis we would be preparing the claims going forward. This provided greater certainty for the client.