

FACTSHEET 6

Building Improvement Work : 'Buildings' or 'Equipment' ?

For anyone operating their trade from a previously purchased building (eg hotel , outdoor centre , hostel , factory , offices , etc) you will know that expenditure on significant new building work or improvements (as opposed to repair and maintenance) will not attract the higher rates of capital allowances that are applicable to expenditure on new equipment . However , it is often the case , that when looked at more closely , elements of 'building' expenditure can be identified as 'plant and equipment' thereby attracting higher tax allowances and reducing tax bills .

Typical items of 'building' expenditure which could be classed as 'plant and equipment' include :

- Lighting systems
- Space or water heating systems , powered systems of ventilation , air cooling or air purification , and any floor or ceiling comprised in such systems
- Storage equipment (including cold rooms) , display equipment and counters
- Cookers , washing machines , dishwashers , refrigerators , washbasins , sinks , baths , showers , sanitary ware , furniture and furnishings
- Lifts and hoists
- Computer , telecommunication and surveillance systems , including their wiring
- Fire alarm systems , sprinkler and other equipment for extinguishing or containing fires
- Burglar alarm systems
- Partition walls where moveable and intended to be moved in the course of the business
- Decorative assets provided for the enjoyment of the residents
- Advertising hoardings , signs and displays
- Changing room pegs , benches and lockers
- Special security doors but not ordinary doors
- Saunas and steam rooms

Although care has been taken in the production of this material it represents a brief summary of the topic only . Accordingly , Iain Allan & Co , shall not be liable for any actions , failures to act , or negligence on the part of those to whom the material is disseminated , which results in any liability , loss , claim or proceedings whatsoever and howsoever caused by , on behalf of , or against any person



- Moveable portacabins (need to demonstrate that movement takes place as part of trade) .

The above list is not exhaustive and the whole area is one where the boundaries are constantly being challenged in courts with new Case Law constantly establishing new parameters .

However , as can be seen , tax savings can be made by closely analysing the nature of the expenditure , agreeing any 'equipment' items with the Inland Revenue and making appropriate claims for the enhanced capital allowances attracted by that equipment expenditure .

For further advice and before taking any action please give me a call .

Although care has been taken in the production of this material it represents a brief summary of the topic only . Accordingly , Iain Allan & Co , shall not be liable for any actions , failures to act , or negligence on the part of those to whom the material is disseminated , which results in any liability , loss , claim or proceedings whatsoever and howsoever caused by , on behalf of , or against any person