



The Availability of Capital Allowances

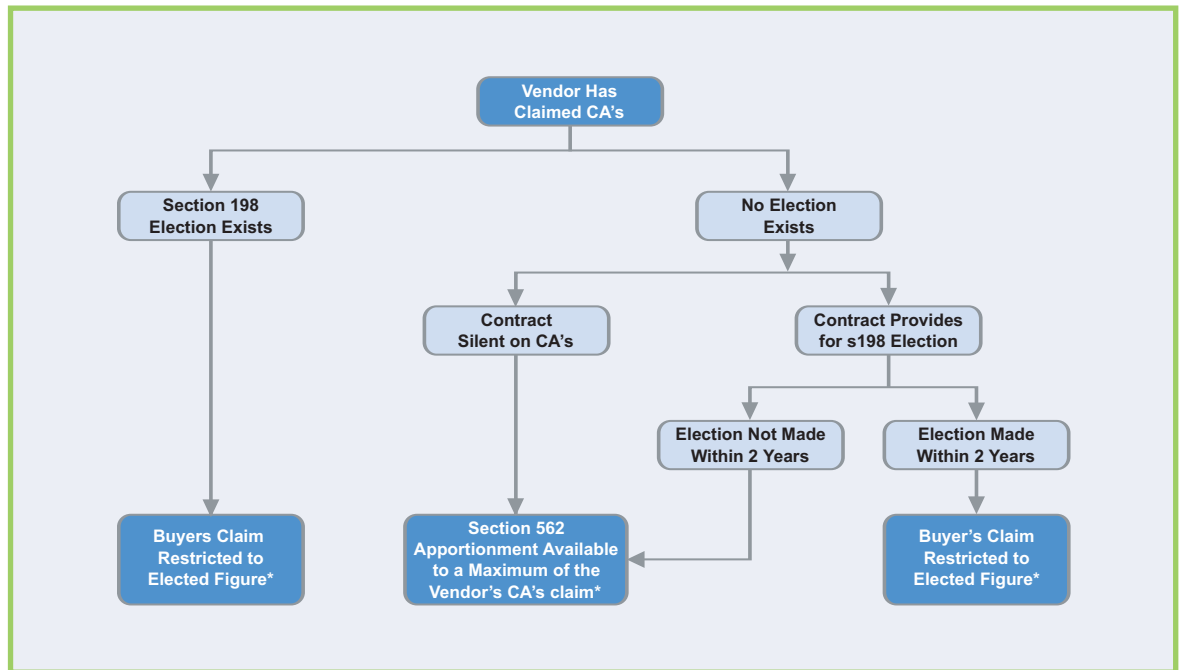
Many purchasers of property lose potential tax relief because the subject of capital allowances is not raised prior to exchange of contracts. A property may be acquired with entitlement to capital allowances being restricted, or with no entitlement at all, therefore early consideration of capital allowances may have an effect on the value of allowances available to a purchaser.

It is therefore, imperative to thoroughly investigate the capital allowances history at the earliest opportunity, preferably prior to exchange of contracts, as the Inland Revenue places the onus on the taxpayer making the claim to demonstrate their entitlement.

PJB, on behalf of their clients, carry out the necessary investigations with vendors and previous owners (where applicable) to clarify the capital allowances position where possible, prior to the preparation of the capital allowances claim.

The diagrams below demonstrate the numerous potential outcomes that may affect the level of capital allowances available on the acquisition of a property.

Where Vendor Has Claimed Capital Allowances



* Where a buyer is restricted by way of a Section 198 Election CAA 2001, or a disposal value brought into account by the seller, the buyer is entitled to additional capital allowances on any unclaimed plant and machinery on an unrestricted basis. It is therefore important to examine the content of any previous claim.

Reminder of terms used in Datasheet No.5 diagrams and referred to in previous PJB Datasheets:

S198 Election – joint election apportioning part of the sale price of a property to plant & machinery.

S562 Apportionment – “just apportionment” of the acquisition price of a property to determine the value of plant & machinery allowances available to a purchaser.

Disposal value – value brought into account by the seller representing the proceeds of the sale price apportioned to the plant & machinery

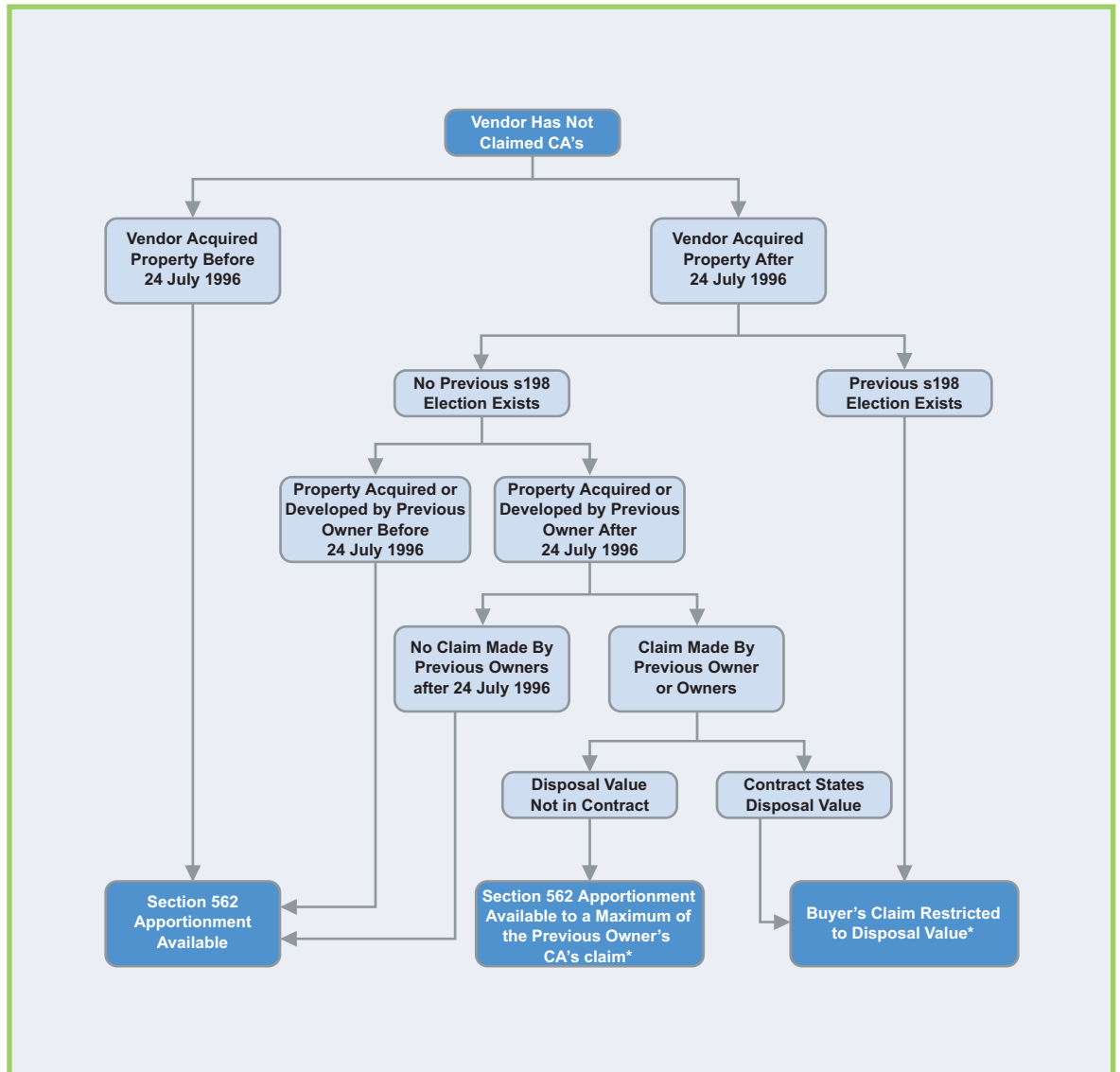
For further information or a capital allowances assessment without obligation

Tel: +44 (0)20 8416 0077 or Email: mail@pjb.com

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The information contained in the DATASHEET is believed to be correct, but there may be errors or omissions for which PJB cannot be responsible. It is therefore essential to take advice on specific issues.

Where Vendor Has Not Claimed Capital Allowances



* Where a buyer is restricted by way of a Section 198 Election CAA 2001, or a disposal value brought into account by the seller, the buyer is entitled to additional capital allowances on any unclaimed plant and machinery on an unrestricted basis. It is therefore important to examine the content of any previous claim.

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