

# Capital Allowances on Surgeries

## **New tax relief boost for 2019/20**

The construction or refurbishment of a GP partnership premises will give rise to the opportunity to claim valuable tax relief in the form of Capital Allowances. Dental surgeries have similarly valuable savings available.

Allowances are available for the systems and fit-out within the building. With often complex heating/cooling, and lighting systems; plus consulting rooms and support staff offices fitted to high standards, GP and dental surgery premises particularly benefit from these reliefs.

Capital Allowances have traditionally been treated as post-project tax compliance undertaken by accountants with the help of a specialist surveyor. The recession moved the need for tax savings upstream and allowances are now often considered at the planning stage and their value factored into financial projections. Banks see these tax savings as a financial safety-net to provide support to a funding proposal.

Typically in a new construction around 35% of the build cost of a surgery building is likely to become tax-relieved. In refurbishments this can rise to 50-75% of budget as most of the expenditure is on internal re-fit.

Allowances are written down over time - but the first year benefit is boosted by the new **£1,000,000 Annual Investment Allowance**, which is available for projects completed before 31st December 2020. This may be further boosted by Enhanced Capital Allowances for energy or water saving equipment.

N.B. - For many projects the £1m AIA will mean all tax relief is claimed in the first year - but do note the need to complete before the end of 2020 as the level may then change.

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An indicative view and guidance on a proposed scheme is provided at no cost, and where appointed our fees are usually performance-based.

David Rees has been responsible for claims for allowances on over 80 surgery projects totalling over £80,000,000 in value, and resulting in claims for Capital Allowances of over £25,000,000.

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Capital Allowances

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## Surgery case studies

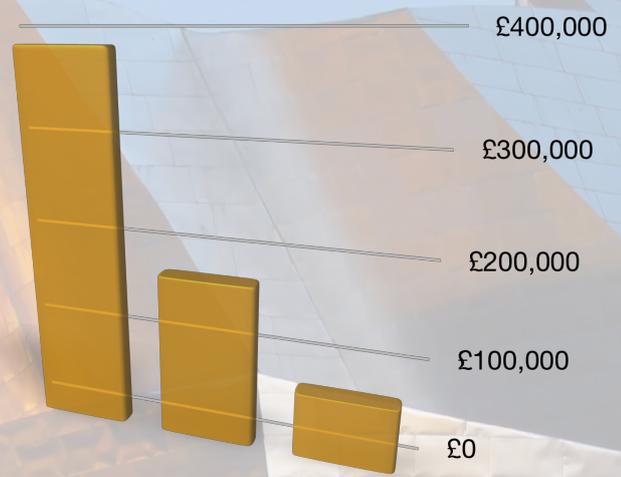
### New surgery build

Construction cost - £2,750,000  
Capital Allowances - £925,000  
Tax savings - £370,000 or 13% Budget saving



### Surgery extension & refurbishment

Total cost - £383,962  
Capital Allowances - £171,645  
Tax savings - £68,658 or 18% Budget saving



### What qualifies?

All building systems: heating/cooling, hot/cold water, electrical systems, lifts.

All fit-out: a multitude of items from toilets and tea points, to data systems and doormats.

Allowances are written down over time as a headline deduction from gross profits.

### Greener buildings

The Enhanced Capital Allowances (ECA) scheme offers immediate tax relief for the entire cost of qualifying energy and water-saving technologies and is available until Dec 31st 2020.

### Annual Investment Allowance

This first year tax break means up to £1,000,000 of a claim for allowances will come into the first year's tax computations providing a saving of up to £400,000 to a partnership.

Excess allowances will roll forward in accounts until used up.

### Pre-planning tax reliefs

Having an early review of potential tax savings can greatly help in determining the project specification and may well enable a higher standard of finishes within the existing budget. Unplanned projects still achieve good levels of relief but miss opportunities such as the ECA scheme.