

## Case Study

### Property Type: Holiday Park

#### Scenario:

This country park was acquired in 2010 and owned by a Limited Company. The Company spent in total acquiring the park £2,870,000. The new owner (our Client) bought not only structures when acquiring the park but fixtures, features & fittings that carried a function for the business to continue trading as a holiday park.

The business generates a taxable profit which the Capital Allowances claim reduced.

- Total property cost: £2,870,000.
- We highlighted **£996,222** of unclaimed Property Embedded Fixtures & Features (PEFFs) that qualified for tax relief.



#### PEFF examples:

- Compressed air pipes
- Fuse boards
- Loading bay dock leveller
- Covered radiator system
- Wet room and drainage
- Alarm system

Due to the Client's tax status, this meant the amount of tax that will be saved as a result of the PEFFs could total £203,114.

## Property Capital Allowances – New Rules Sec 187A-B CAA2001 (brought in by the Finance Act 2012)

HMRC introduced new legislation to stop what they considered to be duplicate claims being made in error. What it actually does is force the Capital Allowances to be dealt with at the point of sale. This only applies to commercial property transactions after 01.04.14. However, if this is not dealt with correctly there are now far reaching implications, the Capital Allowances could be lost **ENTIRELY**.

### When the new rules apply:

Property transactions completed post 01.04.14.

### Pooling Requirement:

Expenditure must be pooled i.e. The Capital Allowances have to be quantified, this doesn't mean claimed, simply identified and documented.



### Fixed Value Requirement:

There must be an agreement between the two parties formally agreed within 2 years of a value transferred between them (typically via an election under sec198 of CAA2001). Tribunal available if parties cannot agree.

### Implications:

Capital Allowances need to be dealt with as soon as possible when considering a property transaction. This can be a significant negotiation for buyers and sellers of property and if missed, can cause very serious implications for all potential advisers.

See Link: ([Mehjoo v Harben Barker \(A Firm\) & Anor \[2013\] EWHC 1500 \(QB\) \(05 June 2013\)](#))