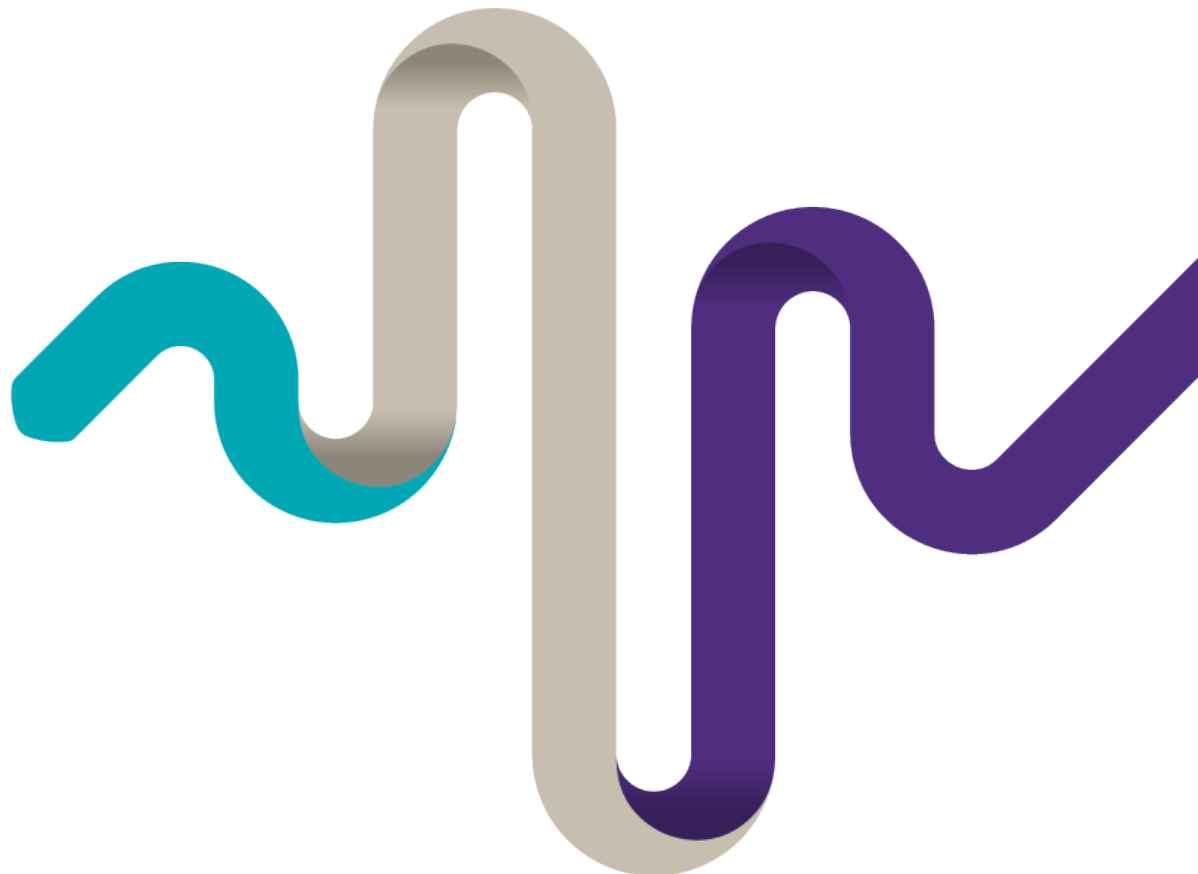


Capital allowances

Project and development services

Tax



What are capital allowances?



Capital allowances save money and are the only means of providing tax relief for capital expenditure incurred by both Irish and overseas taxpayers on residential and commercial property.

It is an incentive to invest as you can offset tax on profits by the amount of allowances claimed. Capital allowances therefore, reduce taxable profits for companies, businesses and individuals and should always be considered as early as possible.

Any property or construction transaction can give rise to an opportunity to claim allowances and when you have made a claim, you should take steps to protect your benefit even if you plan to dispose of the property or asset that gave rise to the claim.

What can you claim?

Over decades, case law and legislation have tried to define what can be claimed, but the position is still by no means clear. That is why a specialist is needed to maximise what can be claimed on each type of property and transaction.

Our services

At Grant Thornton, our dedicated capital allowance and tax depreciation team have successfully prepared, negotiated and settled claims for all types of property investments for a wide range of clients, from individuals and small companies to large multinationals.



Initial assessment

- discussion in regards to potential claims;
- information collation;
- due diligence - is there an entitlement to claim; and
- illustration of potential claim.



Establish claims

- engagement;
- site survey;
- valuation review; and
- meet with relevant stakeholders as required, eg. M&E contractor/quantity surveyor.



Construction/financial analysis

- tax technical analysis; and
- claim processing and establishment.



Report and aftercare

- report issues - our team will ensure that the capital allowances claims are included in the personal/corporation tax;
- invoice generation; and
- after-support and guidance.

Benefits and considerations

Property acquisition:

Capital allowances value up to 60% of the purchase price. Plan your position early to secure maximum value.

New build:

Capital allowances value up to 90% of the build cost.

Refurbishment:

Relief on up to 90% of the project cost. Enhanced allowances boost cash flow.

Property sale:

Protect your position and check which tax history mandatory tax rules must be complied with.

Fit out:

Capital allowances value up to 85% of the project cost. Enhanced allowance boost cash flow.

Frequently asked questions

Is my company eligible to claim capital allowances?

Grant Thornton will provide a free initial assessment to establish if the individual/ company is eligible to make a claim.

How much could my company save?

Depending on what rate the individual/company is paying tax, the cash savings will vary. For example, if annual profits of a business are €1 million and the business is entitled to capital allowances of €300,000 for the year, the taxable profits will be reduced to €700,000.

How do you claim capital allowances?

Allowances can only be claimed in a tax return.

What is the benefit?

The benefit is to reduce your tax liability and therefore pay less tax. It is beneficial to have your claim prepared by Grant Thornton experts who have successfully negotiated, prepared and settled claims for all types of property investments for a wide range of clients.

How much will it cost?

Our fees are based on the level of allowances identified and will always be less than the first year tax benefit. If we cannot or won't save any tax we will not charge you a fee.

What qualifies as plant and machinery?

There is no definitive definition or list of the exact items which qualify as plant and machinery for tax purposes. It is necessary to apply certain tests, which have developed through decades of case law to determine what can qualify.

What becomes apparent through these tests is that what is, or is not, qualifying expenditure, will depend on the particular facts in each case. The conclusion reached will also be largely dictated by the type of business being run by the property owner, as well as the nature of the physical items.

Why has my accountant not claimed all available capital allowances?

Accountants and finance teams should be aware of capital allowances but are unlikely to have the mix of the surveying, valuation and real estate expertise to be able to maximise the amount that may be available.

In our experience, the majority of advisors identify 'moveable' items which qualify for capital allowances such as desks, chairs and computers. However, most of these advisors will not consider qualifying integral fixtures and fittings that are embedded within the property such as heating systems and sanitary systems.

Capital allowances claims are typically quantified by capital allowances experts and Grant Thornton have in depth expertise. We will work alongside the client and their accountant to produce the best results possible. We will analyse the expenditure incurred in detail, identify and categorise all the assets that will qualify for capital allowances, and produce a report that can be submitted with the tax computations. Our comprehensive report format covers most queries that Revenue may have relating to the claim.

Why do capital allowances exist?

Capital allowances act as an incentive for individuals and businesses to keep investing in property and other business assets which provides tax relief for capital expenditure on items of plant and machinery. Depreciation of fixed assets is not-allowable therefore, is not deducted from taxable profits, so no other tax relief is available on this expenditure. Capital allowances were brought in to give a relief against tax.

Our credentials



Residential property

Purchase price: €400,000

Allowances identified by Grant Thornton: €58,000



Commercial/office property

Purchase price: €185 million

Allowances identified by Grant Thornton: €46.6 million



Retail property

Purchase price: €3.5 million

Allowances identified by Grant Thornton: €630,000



Manufacturing property

Purchase price: €11 million

Allowances identified by Grant Thornton: €5.6 million

Grant Thornton's Capital Allowance and Tax Depreciation team has successfully prepared, negotiated and settled claims for all types of property investments for a wide cross-section of clients – from individuals and small companies to large multinationals.

Contact

As part of our service offering we can work in conjunction with your current advisers with respect to this specialist area of the tax computation. If you have any queries in relation to this offering and how we work in partnership with existing advisers, please contact a member of our team.



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