

## TAX BREAKS FOR THE TAKING

Despite articles appearing in the professional press for years, many care home owners are still missing opportunities to claim tax breaks on their properties. The tax saving potential can be huge, as Ian Sutton of Suttons Capital Allowances explains.

It is something of an open secret that many care home owners are sitting on a pot of gold in the form of unclaimed tax breaks. The reason the tax relief often goes unclaimed is simply that this is a complex area, poorly understood by many professional advisers. If you buy a care home and the allowances are not properly claimed, the taxman is certainly not going to point it out, so the tax relief simply gets forgotten.

But how is the business owner to tell whether the matter is worth pursuing? A few simple indicators are as follows:

As long as the property is still owned, or has only been sold very recently, it is not too late to consider a claim.

The fact that any fixtures in the property were old and apparently worthless at the time of the purchase is not a bar to a valuable claim, as the claim is based on replacement value rather than market value.

If the current owner was asked to sign a “fixtures election” at the time of the acquisition (and did so) then that may have covered the matter. Even here, though, there may still be opportunities for further claims – for a whole variety of technical reasons.

The fact that a claim was made for moveable fixtures is completely irrelevant – the hidden value comes in the form of items that are actually affixed to the property (e.g., sanitaryware, kitchen fittings, water and electric systems).

The fact that the sale and purchase agreement included a figure for “fixtures and fittings” does not legally determine the basis for any claim.

A rule of thumb says that up to a third of the value of a purchased home may qualify for tax allowances, in addition to any allowances claimed for moveable items. It is true that the value may need to be restricted, sometimes significantly, where the previous owner made a substantial tax claim. It is not true, even though many accountants think otherwise, that any capital allowances claim will increase a future capital gains tax charge. Nor is it generally the case that a claim for fixtures is simply a cash flow exercise (though even any cash flow advantage is worth having).

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