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POLYMERS GB

# 150% tax refund available if you treat your asbestos roof with Eurocote AE Systems



## **Claim Tax Relief against the cost of the re-waterproofing with Euro Polymers Eurocote AE System coatings**

Treating it saves money, the environment and possibly even lives!

### **Why coat instead of over-clad/replace?**

- Cost savings.
- Environmental issues by not sending it to landfill (if stripping) the problem is contained and can be re-coated again and again.
- Down time to the occupants if replacing roof.
- Risk of fibre release is reduced compared to over cladding (Drilling etc) and stripping.
- Tax relief at 150% of the outlay of the job available because you are treating the problem so it comes under (LRR see overleaf)



# Tax Saving Opportunity - Land Remediation Relief (LRR)

Since 2001 companies have been able to claim tax relief on the remediation of contaminated land or buildings on 150% of qualifying expenditure. The relief has received comparatively little press coverage and as a result there have probably been many missed opportunities. Whilst the removal of asbestos is perhaps the most obvious type of qualifying expenditure LRR is a much broader relief than that and can include the remediation of anything which causes "harm" to living organisms on land or controlled waters. For example, the removal of Japanese Knotweed is now included.

150% relief means that if a company has spent £1,000 on qualifying expenditure, it gets a deduction from taxable profits as if it had spent £1,500, and it does not have to be revenue expenditure in a company's accounts. A company paying the full rate of corporation tax could potentially save just over £360 in tax for every £1,000 of qualifying expenditure.

A company must own a major interest on land or buildings in the UK on which it seeks to claim LRR. This is defined as a freehold interest or a lease of at least seven years.

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD69015.htm>

Please note the summary of the LRR scheme on HMRC's website which links to further details:

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD60015.htm>

The attached link gives a summary of what constitutes qualifying land remediation expenditure.

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD63050.htm>

LRR is available to the extent that expenditure on the land or buildings is increased and the only reason that for that increase is the contamination.

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD63100.htm>

LRR is available on the additional costs of clearing asbestos.

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD63200.htm>

However, the payment of landfill tax does not qualify for LRR.

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD63210.htm>

For example, if a roof which contained asbestos was being replaced because it was leaking then the costs associated with removing the asbestos qualify for LRR subject to the landfill tax restrictions noted above. However, if the only reason that the roof was being replaced was because of the asbestos it contained then the whole cost of the new roof could qualify for LRR. Specialist tax advice should be sought before making such a claim however as it may lead to an HMRC enquiry.

As LRR can only be claimed on the expenditure to deal with the contamination a more typical claim would be on the costs of either isolating the asbestos by way of a secure membrane or removing the asbestos.

For further details on what employee costs can qualify for LRR see:

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD69005.htm>

Please note the "polluter pays principle". That means a company cannot claim LRR if it has been responsible for the contamination or is connected to the polluter.

For further details on the removal of arsenic, radon and Japanese Knotweed go to:

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD60025.htm>

## Derelict Land Reinstatement

From 1st April 2009 LRR is extended to those companies bringing land that has been derelict since 1st April 1998 back into use provided it was derelict when it was acquired by the claimant. The land doesn't have to be "contaminated" in the traditional sense of the relief. Rather it may have been derelict because it contains materials which have previously been uneconomic to remove. This new relief recognises this and will be available for qualifying costs on the removal of specific items.

### Derelict Land Reinstatement : summary

The land has been derelict since 1st April 1998 and is brought back into use by a company.

150% tax relief is available, e.g. a company spending £10,000 on qualifying expenditure gets a £15,000 deduction against its taxable profits.

Qualifying costs are the removal of :-

- Post tensioned concrete heavyweight construction
- Foundations of buildings or machinery bases
- Reinforced concrete pilecaps
- Reinforced concrete basements
- Underground pipes or other apparatus for supply of utilities, drainage or sewerage.

For further details on derelict land reinstatement on HMRC's web site go to:

<http://www.hmrc.gov.uk/manuals/cirdmanual/CIRD60020.htm>

### Loss making companies can get a tax credit!

If claiming LRR creates or increases a loss this can be surrendered to the Revenue for a payment equal to 16% of the qualifying loss. This is equivalent to a 24% tax credit on the actual expenditure before the 150% uplift. So a company which had sufficient losses spending £10,000 on qualifying expenditure could get a tax credit of £2,400.

Provided that you are able to answer yes to the following questions then you may have a valid claim:

- Is your business is a company?
- Was the land or property contaminated or derelict when you acquired it?

LRR is a highly specialist and complex area. The legislation is still fairly new and there are various conditions and anti avoidance provisions. The benefits can be substantial although establishing a valid and optimum claim requires a high degree of skill and understanding.

If you want to discuss the planning opportunities in more detail please contact:-



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