

# Structural and Buildings Allowance – don't get caught out!

The new Structures and Buildings Allowance (SBA), giving tax relief on 'qualifying expenditure' on new non-residential buildings, seems like good news – but it could leave a sting in the tail!



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A 2% straight line writing down allowance claimable over a 50 year period can give business owners relief that has not been available since the withdrawal of the Industrial Buildings Allowance (IBA).

HMRC have confirmed that the criteria for claiming will be more relaxed and straightforward, and could benefit a significant number of businesses.

Relief is available on the cost of new commercial structures and buildings, or their conversion or renovation, where contracts were entered into on or after 29 October 2018.

The definition of Structures and Buildings includes offices, retail and wholesale premises, walls, bridges, tunnels, factories and warehouses, and as long as they are in use for a trade, profession or vocation, either in the UK or Overseas and subject to UK tax they should qualify.

This all sounds good so far, with tax relief available at up to 45% for the higher earning self-employed and 19% for corporates.

On the downside SBA relief will be slow and spare Annual Investment Allowance, now sitting at a cool £1m, cannot be used instead.

Businesses will need to keep very careful track of claims, ensuring a full record is kept, as changes in ownership and even the building use will occur over time.

## But what about the effect on Capital Gains Tax?

In the past claiming capital allowances did not affect the base cost of an asset for CGT purposes.

However, it does under Structural and Buildings Allowances. Claiming the allowance for the full 50 years could leave you with no cost to set against proceeds on sale, leaving you with a large and unexpected tax bill on retirement.

It may be you prefer to benefit from the additional tax relief now. However, whilst the rules could change hugely over the next 50 years, remember that currently SBA relief comes at a cost later down the line.

For further advice please feel free to contact us on **01424 730345** or visit [www.honeybarrett.co.uk](http://www.honeybarrett.co.uk)



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