

Structures & Buildings Allowance

This allowance provides businesses with tax relief for non-residential buildings and structures at 3% each year (2% up to 31 March 2020) for capital expenditure where contracts for the work are dated on or after 29 October 2018.

The SBA is available to corporate entities, sole traders and partnerships and form part of the annual capital allowance computations to reduce taxable profits and tax liabilities. This allowance must be claimed in a tax return or it is lost as it cannot be carried forward.

The allowance is given on a flat rate basis calculated on the original cost of construction of the buildings and structures and is claimed when the asset first comes into use. Unlike other capital allowances, there is no facility for balancing allowances or charges should the asset be disposed. Instead, the new purchaser will be able to claim the relief at the same value as the original owner.

It is worth noting that neither expenditure on land nor residential dwellings will qualify for relief. Consideration will need to be given where assets have mixed use.

There is a requirement to make an “allowances statement”, which must include: the date of the earliest written contract; the amount of qualifying expenditure; the date the building was brought into use and supporting supplementary information which may be reasonably required by HMRC.

Please note that the information contained within this factsheet is not intended to give specific technical advice nor should it be construed as doing so. Professional advice should always be sought before action is either taken or refrained from as a result of information contained herein. The firm's full name and a full list of Partners is available on our website.



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This is particularly important for those buying the asset where full relief for the cost has not yet been given, as this information must be obtained from the original owner.

On a disposal of the property, any SBA previously claimed will be added to the disposal consideration, so in effect SBA is just a timing difference.

Although additional tax relief for UK businesses is always welcome, the SBA provides tax relief on expenditure spread over 33 years and so it is important to consider if any of the more valuable capital allowances can be claimed first or whether any of the expenditure could qualify as repairs.

If you have any questions over the Structures and Buildings Allowance, please contact Judith Pederzolli (jpederzolli@pem.co.uk)

