



## Allowances & Reliefs

### Structures and Building Allowance ('SBA')

Any new non-residential structures and buildings are eligible for a 2% straight-line capital allowance (called a "Structures and Buildings Allowance") where contracts for physical construction works are entered into after 29 October 2018.

Previously, companies accounted for the depreciation on buildings and structures, but did not receive any tax relief on this expenditure. The intention of this new relief is to stimulate investment in structures and buildings that are intended for economic activity. The relief is limited to the original cost of construction or renovation, relieved across a fixed 50-year period, regardless of ownership changes. This relief is available for both UK and overseas structures and buildings, where the business is within the charge to UK tax.

It should be noted that SBA expenditure will not qualify for AIA, and is therefore an additional allowance.

This relief is great news for those constructing buildings and structures for their businesses. It provides relief on costs that previously would only have been obtained upon the sale of the property and as such provides a tax benefit ongoing from investment in business premises.

The good news is partially offset by the reduction in the rate of capital allowances available through the special pool writing down allowances (which applies to "integral features" within buildings, such as heating and water systems). This has been reduced from 8% to 6% which will still give a full tax deduction for such costs but in future over a more extended period.

### Research and Development Tax Relief (R&D)

Research and Development Tax Relief ('R&D') continues to be a valuable relief which allows companies to obtain up to 230% corporation tax relief on eligible expenditure.

Although this relief largely remained untouched in the 2018 budget, to help prevent abuse of R&D Tax Credits - where loss making companies can claim a payable credit - from 1 April 2020 the amount of payable R&D tax credit that a qualifying loss-making company can receive in any tax year will be restricted to three times the company's total PAYE and NICs liability for that year.

We cannot emphasise enough that R&D is not just something that is carried out by people in white coats.

For further information please contact Jim Lockhart on 0141 2330711 or your local manufacturing partner on 0808 144 5575.