# WEBINAR QUESTIONS & ANSWERS

## THURSDAY 10 SEPTEMBER 2026

Please note these are general guidance and will depend on facts and you should always discuss with your tax advisor.

**Question:** Please set out the current different rates available on various offices fit outs, industrial buildings, and factories.

**Answer:** Plant and Machinery Allowances, Repairs, Structures and Buildings Allowances, maybe capital RDA if R&D carried out to all or parts of building (RDA not applicable to property investors). See schedule different plant allowances – Appendix 1.

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**Question:** At what stage of a refurbishment or fit-out should capital allowances really be considered - when is most optimal to start discussions with yourselves? Are you seeing cases where identifying the allowances early actually changes the client's budget or scope of works?

**Answer:** Ideally at an early stage before builders appointed. Building works change more for commercial time/cost/specification reasons and while tax allowances valuable they don't, in our experience, dictate projects. They are perceived as a valuable extra incentive but do not dictate commerciality.

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**Question:** When a landlord's contribution towards a tenant's fit-out is agreed as a single lump sum with no breakdown of what it covers, how do you determine how much of that contribution reduces the tenant's qualifying capital allowances expenditure and what evidence would satisfy HMRC if the apportionment is challenged?

**Answer:** This can be difficult. In the absence of detail we would apportion the capital contribution proportionally to plant and buildings included in tenant's work but not to repairs.

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**Question:** If a building is destroyed as a result of fire and the building was largely asbestos clad would the client be able to apply for capital relief on the demolition and disposal if the insurer is mandated to pay the cost directly to the contractor and the client pays just the VAT element?

**Answer:** The client would need to demonstrate that they, or a connected entity did not install the asbestos. Secondly, there is anti-avoidance regards indirect payment of decontamination expenditure (HMRC manual CIRD60210). Thirdly there is legislation relating to insurance proceeds (HMRC manual CIRD63135). There may be scope to claim the P&M and SBAs on the replacement building. We would need to assess the facts.

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**Question:** With increasingly flexible workplaces and shorter lease terms, do you see HMRC's approach to capital allowances on office fit outs evolving where the economic life of the fit out is significantly shorter than its physical life? Are there planning opportunities or risks businesses should be considering now?

**Answer:** The opportunity is to segregate as much expenditure as reasonable to plant and repairs and AIA. The tax relief is front loaded with full expensing and AIA. Would like to see more allowances on purchase of second-hand buildings as allowances are often zero. Where former owners have claimed.

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**Question:** In the case of a very large project on new fitouts at what stage should the owner involve quantity surveyors / architects

**Answer:** As early as possible and ideally before build contractors appointed. This is best time to get contribution cost details.

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**Question:** Do you provide Capital Allowances for industrial properties, us being Landlords?

**Answer:** Yes, we advise on all types of properties and industries in the UK and Ireland.

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**Question:** What should be included in capital allowance in an office fit out?

**Answer**: It depends on the scope of works – high level example see Appendix 2.

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**Question:** Could you please touch on the treatment of preliminary expenses and strip out costs?

**Answer:** Refer to tax case Wetherspoons v HMRC and HMRC capital allowances manual CA-20070.

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**Question:** I've seen some fit-out firms include capex not qualifying for capital allowances on hire/lease agreements in order to get a tax deduction for depreciation. Any thoughts on this? It seems to be questionable as the goods hired/leased will never be returned to the hire company.

**Answer:** Yes we have seen an increase in companies entering into finance lease and HP agreements on fit outs. The agreements need to be reviewed carefully to check entitlement. Normally the client may claim allowances on HP (provided asset belong to the tenants at the end of HP agreement) but not on finance leases (where allowances may belong to lessor). See HMRC manual BlM00330.

**Question:** Are the criteria to be able to claim SBA's quite limited?

**Answer:** No SBA's wide scope but slow allowances over time see HMRC manual CA91300.

**Question:** In what cases do windows and facades qualify as plant?

**Answer:** Windows and facades will only qualify as plant where replaced for thermal reasons. See HMRC manual CA22220 active facades – the active facade element may be plant.

**Question:** Is there a difference for fit out costs if you lease the land but own the building (to be demolished later when returning the land to the landlord)?

**Answer:** Allowances for fixed plant go with a land interest. Allowances may be claimed under the leasehold. On demolition this will be a disposable event.

**Question**: If you can't claim LRR for the removal of asbestos, is it possible to get relief as a revenue?

**Answer:** Yes normally provided treated as repair in accounts or depreciated if capital expenditure.

**Question**: We are a SME Shopfitting business - when tendering to a new client, what information could we provide to them re: capital allowances and how we can maybe assist them as a selling point

**Answer:** We do assist some fit out companies when bidding to estimate capital allowances savings based on their bid. Our credentials are then included, likely in tenders.

**Question**: We have a company who is selling a property who have claimed SBA historically and we are preparing the SBA statements for the buyer. What do we need to include in the SBA statement? Also, in the computation we need to include disposal proceeds on the SBA schedules - what do we need to put in this box ? sales consideration does not specify what element relates to SBA so do we input the TWDV cf balance ?

**Answer:** An example SBA statement attached See Appendix 2 – SBA Statement. Disposal goes in tax return and any SBA claimed will need to be reflected in CGT calculation. See HMRC on www.gov.uk/guidance/claiming-capital-allowances-for-structures-and-buildings

**Question**: If you could change one aspect of the current capital allowances regime to encourage investment in commercial real estate, what would it be and why?

**Answer:** Provide more capital allowances on purchase of second-hand buildings as leads to wider investment in UK economy and improves built environment. Too many second-hand buildings provide zero allowances on purchase.

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**Question**: What do you think about the potential LRR reforms, and how would the removal of the 1998 derelict cutoff impact investment into brownfield sites

**Answer:** We hope LRR will be retained with some simplification. Agree it is too complex regards derelict land and should be simplified. Our clients tend to invest in brownfield for commercial reasons rather than the tax incentive. Would be helpful if Government promotes their tax relief as they are not widely known.

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**Question**: Would you recommend not claiming capital allowances for a loss-making company within a group?

**Answer:** It depends on facts. P&M allowances may be disclaimed or claimed in later periods.

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**Question**: How does one deal with 'capital work in progress' for capital allowances that are disclosed in fixed asset sections of accounts?

**Answer:** Fine if ongoing trade. For new SPV have to wait for trade to commence.

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**Question**: Where service charge funds are used by a landlord to undertake improvements or major capital works, rather than repairs, can those expenditures qualify for capital allowances, and who would typically be entitled to claim them?

**Answer:** Normally service charge expenditure is on revenue account paid by occupiers. If there is capital excess that landlord can't recover then normal capital allowances rules may apply.

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**Question**: If an equipment i.e. AC system is replaced on like for like basis during the fit out. should this be capitalised for capital allowance or expensed?

**Answer:** There is legislation regards replacement all plant and integral features see HMRC manual CA22340.

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