

Land Remediation Relief

Spring 2016

A hidden tax incentive for housebuilders

Introduced in 2001, Land Remediation Relief (LRR) was devised as an incentive for companies to bring contaminated land back into use.

The relief operates by allowing a company to:

- i Claim 150% tax relief for qualifying land remediation expenditure.
- i Elect that capitalised expenditure on qualifying land remediation is taken as a deduction in computing its profit, and claim the 150% on it.
- i If loss making, receive a payable tax credit in exchange for any qualifying land remediation loss surrendered to the Exchequer - the rate of the payable tax credit is 16% of the loss surrendered. The credit is restricted to the lesser of 16% of the uplifted expenditure or 16% of the company's unrelieved loss for the period.

What expenditure qualifies?

The cost of remediating any contaminated land where:

- i There is a serious possibility of significant pollution to ground water, streams, rivers or coastal waters.
- i There may be a significant impact on the health of humans or animals.
- i There is damage to buildings that has a real impact on the way the building is used.
- i Asbestos is identified and removed.
- i The presence of Japanese knotweed, radon or arsenic is treated.

In addition to the above, the relief is extended to include remediation costs associated with bringing what is known as 'long term derelict land' back into a state of productive use.

There are a number of conditions that have to be satisfied in order to successfully claim LRR and Gateley Capitus offer a free initial review to clients on a case by case basis.

Our mix of surveying, law, tax and accounting experience enables Gateley Capitus to maximise the available tax reliefs and prepare robust Land Remediation Claims for submission and agreement with HMRC.

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