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Nick Lobb, of leading law firm, Hawkins Russell Jones explains how this year has seen significant changes to the law affecting owners and occupiers of commercial property in the UK. Revisions to the Capital Allowances tax relief system and the introduction of Energy Performance Certificates are clear indicators of the Government's intention to demonstrate that it pays to be green



COMMERCIAL PROPERTY OWNERS NEED TO ACT NOW

It is vital that action is taken now in order to benefit from both the tax and energy saving opportunities offered by this legislation, as each will have an impact on the bottom line where new capital expenditure is planned for commercial properties.

Businesses will be aware that when they invest in plant and machinery they can deduct a proportion of its value each year when calculating taxable profits and this reduction is known as a "capital allowance". For investments in certain types of environmentally friendly plant and machinery businesses can claim a capital allowance of 100% of the cost in the first year. These are known as "enhanced capital allowances" (ECAs).

Before April 2008 expenditure on certain assets such as electrical and cold water systems was not usually classified as "plant and machinery", which meant many businesses could not claim 100% ECAs. From April 2008 a new class of assets has been introduced enabling businesses to claim ECAs on a wider range of environmentally beneficial items.

Turning to Energy Performance Certificates (EPCs), all Commercial buildings will require a Non Domestic Building Energy Performance Certificate, on construction, letting or sale. The type of buildings effected include retail units, shops, industrial units, hotels, offices and small business premises.

Only energy assessors qualified and accredited in Commercial Building

Energy Assessment may produce a Non Domestic Energy Performance Certificate. This is not possible for someone only accredited as a Domestic Energy Assessor.

At HRJ we believe that most existing buildings are likely to achieve poor energy ratings and that successful long term management will require consideration of this area when planning refurbishments or upgrade programmes. Doing so should help optimise the EPC rating and help protect a building's potential future value as energy costs look likely to become of growing importance to both occupiers and investors.

Particularly in these tough economic times we understand that maximising tax savings and lowering running costs for our clients is paramount. A better understanding of the availability of Enhanced Capital Allowances offering an immediate 100% tax deduction for the cost of installing low carbon or energy saving equipment, will not only help to maximise tax savings but also positively influence EPC ratings.

Although the changes outlined may seem daunting – there is no doubt that there are benefits to be had but you must act now.

For further information on the issues raised in this article please contact Nick Lobb at Hawkins Russell Jones on 01707 887700.

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