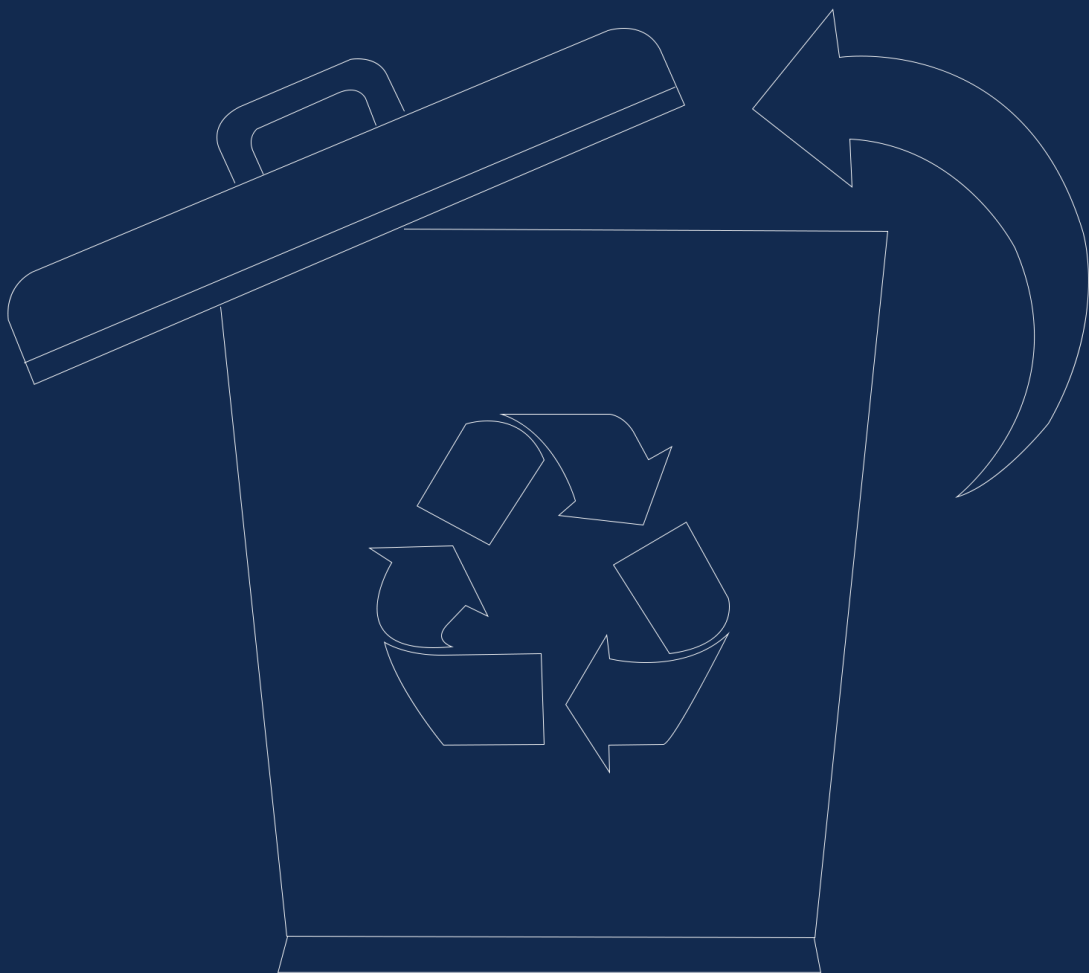




potential tax strategies:

waste management





About This Sector

Recycling and waste management services are one of the fastest growing industries in the UK. As the nation becomes increasingly aware of the environmental impact of waste, pressure is mounting on both companies and individuals to reduce the amount of waste they produce. Planning the waste management and recycling is an enormous task which involves both logistical planning and scientific knowledge and understanding in order to balance the impact on the environment and the cost effectiveness of the process. There is mounting pressure to utilise new, often biodegradable materials and to pioneer methodologies to manage waste both more efficiently, effectively and in a sustainable manner. Investing in research and development has never been more critical.

Potential R&D Claims

Many companies are conducting qualifying R&D activities for R&D tax relief purposes in this sector on a daily basis without even realising it. What may seem as typical day-to-day challenges in the office and field may qualify. This may include developing new products, processes or services or duplicating existing products and processes in an appreciably improved way. The development does not have to be blue sky innovation; however, it is necessary for the company to demonstrate some kind of technical uncertainty in the work being undertaken.

Typical qualifying activities within this sector include but are not limited to:

- Development of a recycling system which produces bedding for use in equestrian eventing from waste material.
- The development of new processes to derive energy from previously landfilled materials.
- The development of a new method of reusing old bitumen and asphalt in the construction of new roads.

Potential Capital Allowance Claims

Capital allowances enable commercial property owners to obtain tax relief relating to capital expenditure embedded within their building. Capital allowances on plant and machinery such as computers or equipment will typically be claimed in the tax computation already.

However, many businesses in this sector are missing out on valuable capital allowances available not only on commercial property owned for years, but also on the;

- Acquisition
- Construction; or
- Refurbishment
- Extension of commercial property



The value of capital allowances on commercial buildings can be as high as 60-85% of any construction or refurbishment price.

Don't Lose Out!

Of course, the extent of the opportunity depends on the level of the specification. The main reason allowances are missed on the construction and fit out/refurbishment of the building is because of the lack of detail in the construction cost information provided by contractors. This information can consist of high-level summaries of the works and it is difficult for non-specialists to break down and segregate these costs which can result in lost allowances. Typically, elements missed in the capital allowances claims include demolitions, alterations and finishes. Also, professional fees associated with plant and machinery on which we are claiming capital allowances are eligible but are easily forgotten.

In addition to this, there is a little-known capital allowances pool called Research and Development Allowances (RDA's). If it can be identified that the purpose of the expenditure on plant and machinery, buildings and IT equipment was for the purpose of R&D, 100% uncapped first year capital allowances can be claimed on this expenditure.

What's Next?

If you need advice regarding your eligibility for R&D claims or other tax planning strategies, contact our Tax Partner today at neill.staff@raffingers.co.uk or call him direct on **020 3146 1605**.

