



potential tax strategies:

architecture





About This Sector

This industry is continually faced with problem solving, perhaps more so than ever before with the pursuit of sustainable and environmentally sound solutions. Every architecture project is unique and poses design challenges, which is why architecture firms typically spend the majority of their time on the conceptual/ schematic design phase. What may seem as typical day-to-day design challenges during these phases, will often qualify for R&D tax relief. Many firms undertake this activity on a daily basis but fail to take advantage of R&D tax relief.

This creates opportunities for tax reliefs and incentives for the taxpayer.

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:

- Developing architectural designs and construction techniques to satisfy new legislation regarding noise, vibration and earthquake resistance requirements.
- Developing and designing site features and orientations.
- Developing new and innovative designs for structures.
- Designing and analysing structural performance. Evaluating alternative subcomponents, methods, and materials for use in designs.
- Designing and developing new and energy efficient systems and structures.
- Developing new infrastructure projects, such as bridges, dams, subsurface tunnels, and rail systems.
- Developing new or improved wastewater treatment facilities, pump stations, or other water supply facilities.
- Designing and developing new or improved electrical, lighting, alarm, communication, and control systems.
- Analysing soil and subterranean conditions, drainage design, foundation design, and other related features.



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, & desks will typically be claimed in the tax computation already.

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

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

Typically, qualifying features include; heating, lighting, alarm systems, air conditioning, CCTV, security systems, cold water drainage systems, sanitary-ware and much more!

The value of capital allowances on commercial buildings in this sector can be as high as 65% of any construction or refurbishment price.

Don't Lose Out!

Allowances are often missed on these properties due to the lack of detail in the construction cost information provided by contractors. This information can consist of high-level work summaries which are very difficult for non-specialists to break down and segregate and can result in significant 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.