



**Property Developers
Land Remediation Relief**
Up to 150% tax relief available



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LAND REMEDIATION RELIEF

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Land remediation relief offers tax benefits to companies engaged in **cleaning up or confining pollutants**, such as Asbestos, Pine Logs, Japanese Knotweed, and old tires, found in or on land and structures, or in revitalising abandoned land for productive purposes.

Our speciality lies in evaluating expenses related to the restoration of purchased land and buildings, and in **providing guidance on which costs can be recovered**.

There's a **150% tax deduction available** on qualifying land remediation expenses, and in cases where it's non-profitable, you can convert the relief into **repayable tax credits, to a sum of 24% of the land remediation costs**.



What is Land Remediation Relief?

Land remediation relief is a tax relief designed to encourage businesses to rehabilitate land that's been contaminated or left derelict, making it usable once more. This relief is accessible to those involved in property investment and development, and applies to both commercial and residential properties.

How to classify Contaminated Land

- There are over 40,000 hectares of land contaminated in the UK

A land or building is considered contaminated if it bears pollutants from past industrial use that:

- Presently causes or could potentially cause significant harm.
- Might lead to or is already causing substantial pollution in bodies of water like groundwater, rivers, streams, or coastal areas. 'Relevant harm' pertains to considerable negative effects on human or animal health, or structural damage affecting the usability of buildings.

Contaminated land also encompasses areas with specific natural pollutants like arsenic, radon, and Japanese knotweed.

What is derelict land and what are the eligibility criteria?

Land is deemed derelict if it is unusable and can only be reclaimed by removing existing structures.

Eligibility criteria include:

- The claimant should be a UK taxpayer or a loss-making company.
- Possession of a significant interest in the land (either freehold or a leasehold for a minimum of seven years).
- Applies to property developers, investors, or owner-occupiers.
- The UK land must be acquired for trading or property rental purposes.
- The land was bought in a contaminated or derelict state.
- Remediation activities must be carried out.
- The claimant cannot be, or be related to, the original polluter.
- No grants or subsidies received, and the land's purchase price must not be reduced due to its contaminated state.

Which expenses are eligible for land remediation relief?

Expenses incurred in determining the extent of contamination, and efforts in removing or containing this contamination to eliminate the risk of harm, are eligible for land remediation relief.

Successful examples include:

- ❖ Decontaminating land purchased from another party, which was polluted due to historical industrial activities.
- ❖ Containing or eradicating natural pollutants like arsenic, radon, and Japanese Knotweed.
- ❖ Elimination of asbestos.
- ❖ Removal of hazardous underground structures.
- ❖ Extracting polluted soil or water.
- ❖ Treating harmful organisms.
- ❖ Implementing capping or protective layers on land.

Specifically for derelict sites, the removal of structures from previous use, such as:

- ❖ Post-tensioned concrete and heavyweight constructions.
- ❖ Foundations of buildings and bases for machinery.
- ❖ Pile-caps made of reinforced concrete.
- ❖ Reinforced concrete basements.
- ❖ Obsolete underground utilities like gas, water, electricity, and telecommunications.



It's crucial to **correctly identify** and claim land remediation relief within the designated time frames to capitalise on cash tax benefits for eligible expenses.



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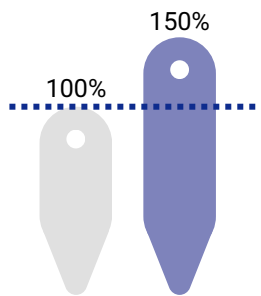


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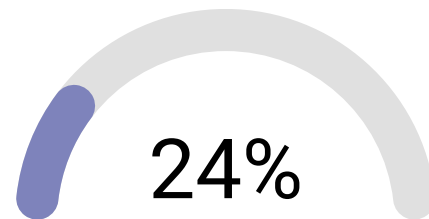
Advantages of Claiming Land Remediation Relief

The benefits of claiming land remediation relief manifest in significant cash tax advantages, structured as follows:

- ❖ For property investors and owner-occupiers: A 150% deduction on qualifying land remediation expenses is available. This translates to a tax saving of £28.50 for every £100 invested in eligible land remediation activities.
- ❖ For developers: There is an additional 50% deduction over the standard 100% revenue deduction. This results in an extra tax saving of £9.50 for every £100 spent on qualifying land remediation.
- ❖ In cases where a company is not profitable, the eligible land remediation relief can be converted into a tax credit. This tax credit amounts to 24% of the qualifying remediation expenditure, paid out as a cash return.



Claiming land remediation relief provides cash tax benefits as qualifying land remediation expenditure attracts a deduction of 100% of the remediation costs plus an additional 50% deduction.



Cash Tax Credit Option for Loss-Making Companies: Loss-making businesses have the option to convert their losses related to land remediation relief into a cash tax credit. This credit amounts to 24% of the loss.

Advantages of Claiming Land Remediation Relief

- ❖ For capital expenditure (applicable to owner-occupiers and investors): An election to claim land remediation relief must be submitted to HMRC within 2 years following the conclusion of the accounting period during which the remediation works were performed.
- ❖ For revenue expenditure (relevant to developers): An extra 50% relief is granted when qualifying expenses are accounted for in the profit and loss statement. These claims can be made at any point within the standard timeframe for Corporation Tax Self-Assessment claims, which is generally a period of 4 years.

Procedure for Claiming Land Remediation Relief

Filing a Claim for Land Remediation Relief

- ☛ To claim land remediation relief, it must be included in a Corporation Tax self-assessment or an amended self-assessment.

For Capital Expenditure:

- ☛ Elect to claim within a two-year timeframe from the end of the accounting period during which the expenditure was incurred.

For Revenue Expenditure:

- ☛ Submit the claim within a four-year limit from the date the expenditure is accounted for as a deduction in calculating taxable profits.

Determining Eligibility for Land Remediation Relief

Is Your Business Qualified for Land Remediation Relief?

Land remediation relief is frequently overlooked or not claimed accurately. If any of the below apply, we recommend discussing your options with us:

- ☛ Are you a UK-based company that has acquired a UK site requiring remediation?
- ☛ Does the site you've acquired have a history of industrial use?
- ☛ Have you demolished any structures that contained contaminated materials?
- ☛ Have you engaged in any remediation work?
- ☛ Do you own land that hasn't been utilised since 1 April 1998 and have since restored it for productive use?

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Contact us for a
FREE consultation and a
without obligation review of
an eligible claim and what the
value of that could be.

**Even losses can result in
repayable tax credits!**



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