



Capital Allowances in the Rural Sector

It has long been established that buildings, unlike plant and machinery, do not generally qualify for capital allowances. Buildings typically house the operational process that plant and machinery performs, and normally qualify for the less generous Structural Buildings Allowance.

Farmers and landowners may spend substantial amounts on physical structures that look like buildings but have operational characteristics akin to plant and machinery. Some of these structures do qualify for capital allowances, whilst others do not.

The difference between buildings and structures that do and do not qualify for capital allowances is a complex area governed by a mixture of statutory law and judicial principles which have been shaped over many decades of case law. The complexity is such that only those with detailed knowledge and experience in this area can identify the difference between the two.

RSM has a long-standing association with the rural sector, with specialists based around the UK. Our rural team has worked closely with our capital allowances specialists, undertaking specialist reviews of buildings, pre and post build, to identify tax saving opportunities for our clients.



If you have built or are constructing agricultural buildings or structures, contact our rural sector team to discuss how we could help

Benefits of a specialist review



Cash tax savings

Capital allowances can reduce the after-tax cost of constructing agricultural buildings. This may allow farmers and landowners to spend more on their stores than they initially thought possible, enhancing the capability and versatility of the store. This could, over time, lead to higher returns on investment and improved cash flows.



Managing risk

UK taxpayers have an obligation to report their tax affairs to HMRC in line with UK tax legislation. Furthermore, UK taxpayers have an obligation to take 'reasonable care' in regard to their tax affairs. Undertaking a specialist review provides taxpayers with comfort that their capital allowances claim is in line with UK tax legislation and minimises the risk of it being held to have been made without taking reasonable care, by HMRC.



Minimal input from you

While we need cost information to do our work, we recognise the importance of keeping demands on your time to a bare minimum. We work closely with building contractors and quantity surveyors to understand the building design specifications, and collate all documentation required to support your capital allowances claim.



RSM capital allowances team

The RSM capital allowances team work with clients in the rural sector, both in advising on ways to increase capital allowances claims on their upcoming developments and assisting them with claims on historical building expenditure.

The team comprises a mix of chartered surveyors, accountants and tax advisers who work directly with our rural team, carrying out reviews for farming businesses and ensuring the value of capital allowances are not lost. This is achieved through a surveying and valuation-based approach to capital allowances that differs from traditional tax compliance reviews.

Our fees represent a small fraction of the tax benefit resulting from our work and in most cases are less than the tax savings realised in the first year of the claim.

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