

UK Business Premises Renovation Allowance (BPRA)

February 2017

BPRA is a useful relief in the UK for developers, also overseas developers, in projects in disadvantaged areas, but the relief is due to cease at the end of March 2017, so developers should plan their cash flow on such projects now with urgency.

What is BPRA: BPRA was introduced in April 2007. It is a 100% tax allowance for certain spending for businesses converting or renovating unused qualifying business premises in a disadvantaged area.

Spending that qualifies for relief includes:

- building work, for example, the cost of labour and materials
- architectural and design services, for example the detailed design of the building and its future layout
- surveying or engineering services, for example services to check the structure of the building or specialist checks for asbestos
- planning applications, for example the costs of getting essential planning permissions to alter a listed building
- statutory fees and statutory permissions, for example, the costs of building regulation fees, or getting listed building consent.

Spending on acquiring land, extending a building or developing land next to a building doesn't qualify for BPRA.

Qualifying buildings: These are commercial buildings or structures in a disadvantaged area which must have been unused for at least a year, used for letting, a trade, a profession, a vocation or offices. They aren't qualifying business premises if a person carrying on a relevant trade holds an interest in them, or they're previously used or available for use as a dwelling or used wholly or partly for the purposes of a relevant trade. Relevant trades can be found on the government website or by contacting us.

Disadvantaged areas: Disadvantaged areas included areas in Great Britain specified by the Assisted Areas Order 2014 (SI 2014/1508) and in Northern Ireland.

Allowances and charges: There's an initial allowance equal to 100% of the qualifying spending. If any part of the 100% initial allowance isn't claimed, the person that incurred the qualifying spending and holds the relevant interest in the building, may claim writing down allowances (WDAs).

WDAs are given at an annual rate of 25% on the straight line basis to the person holding the relevant interest until all the qualifying spending has been allowed.

Most spending on plant and machinery doesn't qualify for BPRA unless it's a fixture and falls within certain categories. These categories can be found on the government website or by contacting us.

TECHNICAL UPDATE

For enquiries about this Technical Update please contact:

Shipleys LLP

10 Orange Street Haymarket
London WC2H 7DQ

W: www.shipleys.com T: (+44 20) 7312 0000

Contact the expert: Stuart Dey DeyS@shipleys.com

For enquiries about Property & Construction please contact:

MTG Consulting GmbH

Kelheim, Germany

W: www.mtg-consulting.de T: (+39 02) 2779 111

Contact the expert: Ted Heaslip. ted.heaslip@mtg-consulting.de

AGN International

M: info@agn.org T: +44 (0)20 7971 7373 W: www.agn.org

