



# Capital allowances

Are you making the most of them?

THE POWER OF BEING UNDERSTOOD  
AUDIT | TAX | CONSULTING





# Maximise your capital allowances

There can be significant benefits and cash tax savings made from understanding what capital allowances are available to your business.

## But what are capital allowances?

Capital allowances are amounts an Irish business can deduct from its profits for qualifying capital expenditure before calculating its overall corporation tax or income tax liability. As depreciation isn't allowable for tax, capital allowances compensate for this.

This can be claimed for more business expenditure than may often be expected. Whether fixtures and fittings are acquired through a commercial property purchase or included in the construction stage, significant tax savings from capital allowances claims are often missed.

A detailed capital allowance assessment can often enhance the value of property during the sale process.

Our dedicated capital allowances advisory team has the expertise and knowledge to identify opportunities early, maximising the amount you could claim, to help improve your cash flow and reduce your tax liability.

## Who can claim?

Any business paying tax in Ireland can claim capital allowances, including sole traders, companies or partnerships.

Specifically, this includes:

- capital expenditure on plant and machinery, including office and computer equipment, motor vehicles etc; and
- capital expenditure on fixtures and fittings in commercial property held as an investment or by an owner/occupier (residential property does not generally qualify)

## What scenarios should you look out for?

- purchases of second hand buildings;
- purchases of newly constructed buildings from a developer;
- other construction projects;
- extensions, alterations or refurbishments of existing buildings; and
- fit-outs of property, including leasehold improvements.

The scenarios are wide reaching and capital allowances may be available in the majority of commercial property related situations, so it is always worth seeking advice to understand if allowances could be claimed.



# How we can help you

We can make a detailed capital allowances assessment of your expenditure, so you can make sure to claim the maximum allowances available to you. Our in-house surveyors and specialist teams can produce technical reports to support qualifying capital allowance claims.

We can get as involved as you want us to. From a very high level advisory perspective, to a hands-on approach, meeting with you key stakeholders, solicitors, banks or architects from the very beginning of property projects to maximise the opportunities.

## When to involve us?

As soon as you start a new project, let us know. The sooner we are involved, the larger the benefits could be.

As a guide:

- always involve a specialist before contracts are exchanged in a property transaction; particular clauses may be required to preserve the benefit of capital allowances; and
- get specialist support at the planning stage of a construction project – to design the most tax efficient building, it is best for the capital allowances team to build a proactive approach with the construction team at the outset.



# Our team

## Aidan Byrne

Head of Tax

abyrne@rsmireland.ie

## Paddy Stapleton

Tax Partner

pstapleton@rsmireland.ie

## Brian Kelly

Tax Director

bkelly@rsmireland.ie

**rsmireland.ie**

RSM Ireland Business Advisory Limited is a member of the RSM network and trades as RSM Ireland. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction. The RSM network is administered by RSM International Limited, a company registered in England and Wales (company number 4040598) whose registered office is at 50 Cannon Street, London EC4N 6JJ, United Kingdom. The brand and trademark RSM and other intellectual property rights used by members of the network are owned by RSM International Association, an association governed by article 60 et seq of the Civil Code of Switzerland and whose seat is in Zug.