

Land Remediation Tax Relief

- ❖ Land Remediation Tax Relief (LRTR) was introduced by the government as an incentive to clean up contaminated brownfield development sites and to encourage bringing long term derelict sites back into use.
- ❖ Up to 150% of the costs of qualifying remediation works can be set against company profits.
- ❖ Transform Land is able to offer its clients this valuable service with our specialist tax experts.
- ❖ This service is offered on a 'no win no fee' basis with our fee coming from the proceeds of a successful claim.

The Issue

- ❖ The cost and complexity of remediating contaminated sites or clearing obstructions on derelict sites has historically been a barrier to development.
- ❖ Current development policy means that ignoring these sites is no longer an option.
- ❖ Since its introduction several years ago, the Landfill Directive has seen remediation costs increase dramatically in recent years.
- ❖ Where LRTR has already been considered, often claims are poorly constructed, undervaluing the relief available.

The relief

- ❖ LRTR is available to both investors and developers in all commercial markets including the residential sector.
- ❖ LRTR is available as either a deduction from profits or as a tax credit where the business is loss making.
- ❖ The relief applies to buildings as well as land.
- ❖ The relief represents cash savings of up to 35% for investors and 12% for developers on qualifying expenditure.

The approach

- ❖ We have a team of tax qualified property professionals with senior level experience at the Big 4 accountancy firms. As a result, we understand the development issues, and all the tax and accounting aspects of remediation and construction projects.
- ❖ We have specialists who can work alongside your existing tax and project advisers. Offering a complete service, we can undertake feasibility and entitlement reviews through to claim preparation and securing the best possible claims with HM Revenue & Customs.

The detail

- ❖ The relief is available to UK companies that have acquired contaminated land or land which has been derelict since April 1998.
- ❖ A company cannot claim relief if they were responsible for the contamination or dereliction.
- ❖ Examples of pollutants include asbestos, pesticides, heavy metals, PCBs, solvents, fuel etc.
- ❖ Costs of removing concrete structures, foundations etc from old derelict sites may also be eligible for funding.

The numbers

- ❖ For a Company making £1m profit, and incurring With qualifying remediation expenditure of £200,000

	With LRTR	No LRTR
	£	£
Profits	1,000,000	1,000,000
LRTR (150%)	<u>(300,000)</u>	
	700,000	
Tax payable on profits at 23%	161,000	230,000

- ❖ A cash saving of £69,000

The opportunities

- ❖ The costs of preparing a former manufacturing or industrial site for leisure or mixed use development may qualify for LRTR.
- ❖ When disposing of asbestos found in an existing building either prior to demolition or otherwise, LRTR may be available on the removal of the contaminant and associated costs.
- ❖ The costs of removing foundations, underground structures and remediating Japanese Knotweed, Radon or Arsenic for commercial property development may qualify for LRTR.