Benefits of claiming
- Claim an immediate tax / cash benefit
- Reduce or completely shelter a tax liability
- No restriction on high earners claiming wear and tear allowances and most industrial buildings allowances
- Improve cash flow and keep cash in your business!
- Possible cash refund / repayment of taxes
- Not a “specified relief”.

Who can claim?
- If you built or bought a property or incurred capital expenditure on plant and machinery that is in use for the purpose of a trade or rental business, you can probably claim.
- KPMG’s Tax Depreciation Group will carry out an initial assessment of your capital expenditure – at no cost – to determine if there is an opportunity for us to add value.

Key facts
- Our experience has shown that capital allowances / tax depreciation claims are often understated. This results in taxpayers leaving behind valuable tax / cash savings. We can help rectify the situation and identify your full entitlement.
- The area of capital allowances is quite complex. Entitlement must be established and qualifying expenditure must be properly identified. There is no approved list of qualifying items of plant and machinery!
- Whether an item qualifies for capital allowances must be determined by reference to the facts. It is necessary to satisfy a number of conditions established primarily through case law and Revenue precedence.
- Revenue frequently audit capital allowances / tax depreciation claims. It is important to ensure your claim is fully compliant and there is sufficient evidence / documentation available to support your claim.
- Wear and tear allowances and most industrial buildings allowances have not been affected by the recent withdrawal of property-related tax schemes.
- KPMG’s Tax Depreciation Group is the only Big 4 firm in Ireland to have a dedicated specialist capital allowances team – with over 17 years experience.
- Our dedicated team consists of full-time chartered quantity surveyors and tax professionals, who work solely on preparing maximised and compliant tax depreciation / capital allowances claims for our clients.
Tax depreciation / capital allowances claims
We have extensive experience of preparing the following claims:
- Wear and tear allowances claims for qualifying plant and machinery ("P&M") – claimed at 12.5% over 8 years
- Plant and machinery analysis for R&D tax credit claims
- Industrial buildings allowances claims – typically claimed at 4% over 25 years
- Energy efficient capital allowances claims – 100% claim in year 1
- Look back claims – potential repayment of tax
- Negotiating claims with Revenue.

Examples of claims / property types:
The purchase of new or secondhand properties.
The fit-out / repair / refurbishment / extension of properties including the following:
- Offices
- Retail and shopping centres
- Factory and manufacturing plants
- Leasehold improvements
- Mixed use developments
- Restaurants
- Nursing homes
- Hospitals
- Hotels
- Banks
- Rental properties – apartments and houses
- Landlord works
- Tenant works

Common errors
- Your entitlement to claim has not been established properly; this is a complex tax technical area
- Insufficient supporting documentation in place to justify your claim
- Over-claim: Incorrect inclusion and / or treatment of certain types of expenditure
- Under-claim: exclusion of qualifying expenditure – cash burn!

Implications of incorrect claim
- **Under-claiming:** You may not have claimed the full amount of allowances / tax savings that you are entitled to.
- **Over-claiming:** If your claim is audited by Revenue, you may be leaving yourself open to repayment of the underpaid taxes relating to over-claimed allowances, in addition to interest, penalties and, in extreme cases, publication on the list of tax defaulters.

Frequently asked questions

1. Is there a list of qualifying plant and machinery that I can use to calculate my claim?
   No, there is no approved list. This is a common misconception. There is no legislative definition of the term “plant and machinery” ("P&M"), so the identification of qualifying items is not straightforward.

2. How is P&M identified?
P&M must be identified on a first principles basis. Whether an item qualifies must be determined by reference to the facts, the nature of the trade, and the function of the item in the trade. A number of conditions / tests must be satisfied.

3. Do all fixed asset additions qualify for capital allowances?
   No, all capital expenditure does not qualify for capital allowances.

4. What does entitlement mean?
   A taxpayer must satisfy the relevant criteria in the legislation in order to be eligible to make a claim. We will establish that the taxpayer has an entitlement to claim and once this is confirmed, we will prepare a maximised capital allowances claim.

5. Can landlords claim capital allowances?
   Generally yes, where the property is let. It is, however, critical to establish entitlement, especially in a landlord / lessee situation.

6. Can property developers claim capital allowances?
   Yes, when they put the property or P&M in use for the purposes of a trade or rental business.

7. I bought / built / refurbished a property a number of years ago, but I have not claimed capital allowances (or may have under-claimed). Can I claim the allowances now?
   Depending on the facts and circumstances, you may be able to go back four years to amend your tax return to include the allowances that you should have claimed.

8. I don’t have any information relating to the expenditure incurred. Can I still make a claim?
   We can assist by way of generating a breakdown of the expenditure once there is evidence to prove that the expenditure was in fact incurred.

9. What happens to the allowances that I don’t use?
   Depending on facts and circumstances, unused wear and tear allowances and industrial buildings allowances can be carried forward indefinitely and used to shelter future liabilities, i.e. they will not be lost.
Making a claim – our methodology

Our team will undertake the following actions to prepare your claim:

- We will determine whether an entitlement to claim exists. This may involve a review of a purchase contract or development agreement and supporting documentation and lease agreement, as necessary.
- We will liaise with the project design team, estate agents or clients’ finance team to obtain the necessary cost information and finance information required.
- Where there is no cost information available, our in-house quantity surveyors will prepare an estimate of the likely apportionment of expenditure incurred.
- We will carry out a site visit, if required.
- We will carry out a detailed analysis of the total capital expenditure incurred to identify the maximum amount of qualifying expenditure.
- We will prepare a detailed, stand alone report to support the claim.
- We will negotiate the claim with Revenue, where required.

Our claims are prepared in line with Revenue practice, precedents and the principles established from case law and we would be confident, as a result of our extensive Revenue experience, that the positions adopted in our analysis would stand up to Revenue scrutiny.

Our credentials

Due to the volume of claims we have prepared, our clients can be confident that our experience allows us to identify fully maximised and compliant capital allowances / tax depreciation claims. Our team has extensive practical experience in the following areas:

- Offices and commercial buildings
- Retail, hotels, restaurants and leisure
- Infrastructure, manufacturing and process plants
- Private finance initiatives
- Purchase appointment – new or second hand property.

Since our foundation, we have built a bespoke claim methodology that has been tried and tested under a significant number of Revenue audits. Our credentials and experience of negotiating and delivering claims are second to none.

<table>
<thead>
<tr>
<th>Client</th>
<th>A private hospital group.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>A major expansion project.</td>
</tr>
<tr>
<td>Claim</td>
<td>We identified c. €19m of qualifying expenditure.</td>
</tr>
<tr>
<td>Benefit</td>
<td>The client received a tax benefit of c. €2.5m.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Client</th>
<th>An Irish clothing retailer.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>Store upgrades / fit-outs.</td>
</tr>
<tr>
<td>Claim</td>
<td>We assisted the client with a claim of c. €18m.</td>
</tr>
<tr>
<td>Benefit</td>
<td>The client received a tax benefit of c. €2.2m.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Client</th>
<th>A landlord</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>Office fit-out / refurbishment including a new extensions.</td>
</tr>
<tr>
<td>Claim</td>
<td>We assisted the client with a claim of c. €1.8m.</td>
</tr>
<tr>
<td>Benefit</td>
<td>The client received a tax benefit of c. €460k.</td>
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<table>
<thead>
<tr>
<th>Client</th>
<th>An Irish manufacturing company.</th>
</tr>
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<tbody>
<tr>
<td>Project</td>
<td>A new production plant.</td>
</tr>
<tr>
<td>Claim</td>
<td>We assisted the client with claims for wear and tear allowances of c. €6m and IBAs of c. €4.5m.</td>
</tr>
<tr>
<td>Benefit</td>
<td>The client received a total tax benefit of c. €1.3m.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Client</th>
<th>A US multinational in the medical devices industry.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Project</td>
<td>An existing production facility and extension.</td>
</tr>
<tr>
<td>Claim</td>
<td>We assisted the client with a successful reclassification of IBAs to plant and machinery.</td>
</tr>
<tr>
<td>Benefit</td>
<td>The client will receive a time value saving of €1m, and a refund of c. €500k from Revenue.</td>
</tr>
</tbody>
</table>

Industrial buildings allowances (IBAs) claims for qualifying construction expenditure:
Why contact KPMG’s Tax Depreciation Group?

- KPMG’s Tax Depreciation Group is recognised as Ireland’s primary capital allowances specialists. We are the only Big 4 firm in Ireland to have a dedicated capital allowances team.
- Our dedicated team consists of full-time chartered quantity surveyors and tax professionals, who work solely on preparing maximised and compliant tax depreciation/capital allowances claims for our clients.
- The combination of expertise in construction, property, surveying, tax and accounting is a unique offering in Ireland and our extensive experience helps ensure our clients’ claims are maximised and robust.
- For almost 15 years we have successfully prepared, negotiated and settled claims for all types of property investments for a wide cross-section of clients – from individuals and small companies to large multinationals.
- We understand that your time is a scarce resource. We aim to reduce the workload of our clients by providing a tailored and streamlined process proven to allow you to claim the maximum benefit with minimal disruption to your day-to-day activities. We seek to ensure that the interaction with the relevant personnel is kept to a minimum but appropriate level.

Contact us

Contact us if you think you may be in a position to benefit from tax depreciation/capital allowances

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