

# Gleeds Advisory

Taxation · Grants · Insurance

## Business Premises Renovation Allowance (BPPRA)

### What is it?

An incentive to bring derelict or unused business properties back into use.

Provides high net return on investment.

### Does it matter when or where this expenditure is incurred?

Yes

The expenditure must be incurred before 11 April 2012 to qualify. The property must also be within an assisted area (see map opposite).

### Which properties qualify?

Buildings refurbished and renovated, part buildings.

All commercial buildings

- Offices
- Retail
- Industrial/factories
- Specialist buildings  
i.e. data centres, mixed use etc

### Excluded

Dwellings and certain specialist trades  
Extensions

### What do we do?

#### Initial Advice

Digital Mapping Service (to identify qualifying areas)  
Estimate of tax savings that may be available

#### Prepare claim

Tax planning / strategy  
Collate documentation for auditability / back-up  
Create report and submit for accounts

#### Agree Claim

Answer questions for HMRC  
Negotiate where required.

### What else do I need to know?

A balancing adjustment is due within 7 years of first use of the building if there is a balancing event, such as the sale of the building. Effective tax planning will mitigate any clawback and maximise the tax savings, dependant on the trades requirements.

### What is the benefit? (Assuming 50% tax payer)

#### Cost

Purchase Price of Property		2,000,000
Total Renovation Costs		5,000,000
BPPRA qualifying (say 65% of costs)	3,250,000	
<b>Total Project Cost</b>		<b>£7,000,000</b>

#### Funding / Equity

Bank Funding (say 60% gearing)		<u>(4,200,000)</u>
Gross Equity required		<u>2,800,000</u>
Less BPPRA cash savings on £3,250,000		(1,625,000)
<b>Net Equity Investment</b>	<b>42% of equity</b>	<b>£1,175,000</b>

#### Total Return

Sale proceeds (say)		8,000,000
Less Bank Funding		<u>(4,200,000)</u>
Net proceeds		3,800,000
Add BPPRA relief claimed		1,625,000
<b>Total Return</b>		<b>£5,425,000</b>

**Net Return on Gross Equity**  
(figures exclude debt servicing)

**194%**



### Contacts

Should you wish to discuss any of the above please contact:

**Clive Curd** clive.curd@gleeds.co.uk | **David Gibson** david.gibson@gleeds.co.uk  
or telephone 0207 631 7000