



Capital Allowances

Structures & Buildings Allowance (SBA)

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In the Autumn Statement of 2018 the Chancellor introduced “Structures & Buildings Allowance” which sought to give relief at 3% on a straight-line basis for capital items that do not qualify for relief elsewhere, this was brought into immediate effect for any new qualifying expenditure incurred from 28th October 2018.

It should be noted that **all other capital allowances must be claimed in their correct pools before any SBA claim can be considered.**

SBA can only be claimed from when a building is being used for a qualifying activity and the first year claim must be apportioned by the number of days that remain in the accounting year.

So what qualifies for SBA when and why?

An SBA claim can only be made on expenditure on “new” items - no SBA claim can be made on the purchase of a second hand property unless the seller has already made a claim, in which case the remaining balance can be transferred through to the purchaser by using a SBA Statement.

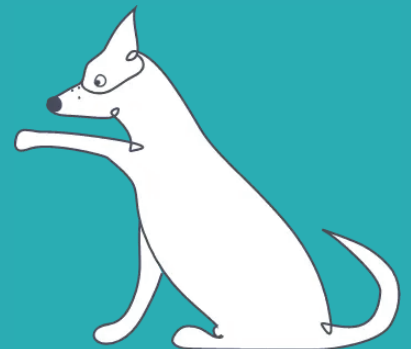
A SBA Statement must include details of:

- How to identify the building to which it relates
- The date of the earliest written contract for the construction of the building
- The amount of qualifying expenditure incurred on its construction or purchase
- The date the building is first brought into non-residential use

In terms of specific guidance the HMRC manual goes on to advise... **“You should treat something as a structure if it has been erected or constructed and is distinct from the earth surrounding it. Areas that have undergone construction works such as underpinning structural works are structures”.**

Some examples of structures include (but are not limited to):

- Roads
- A constructed hard surface, such as a concrete or asphalt car park
- Tunnels
- Walls
- Bridges
- Aqueducts
- Dams
- Hard tennis courts
- Fences
- Permanent terracing and seating areas at sports grounds
- Artificially constructed parts of golf courses, such as bunkers
- Embankments



With all of the above qualifying for relief what is excluded from SBA?

Land that retains its character as land is **not a structure**, even if it has been cultivated or modified in some way.

For example:

- Grass or earthed surfaces such as tennis courts
- Rough areas
- Greens and fairways in golf courses
- Grass football pitches
- Grass bowling greens

are not usually deemed to be structures.

How can items that qualify for SBA be identified?

Sadly its not a simple as the SBA being the balancing figure on a capital spend after the Plant & Machinery Allowances, Integral Features, Mineral Extraction allowances etc have been correctly quantified & categorised, so careful analysis of the capital project has to be undertaken.

In addition to the above, there are certain business' that **cannot claim SBA**, notably **Furnished Holiday Lets** are specifically excluded from this relief as are **residential properties**.

What do I need to do next?



Speak to us,
we will help guide you through the nuances of the legislation to ensure that any claim you make is **safe & secure** in the event that HMRC choose to make an enquiry.