



Land Remediation Relief (LRR)

CASE STUDY

Land Remediation Relief (LRR) is a tax deduction often not claimed by smaller property developers and investors and the claiming of it can result in a tax reduction or a cash credit from HMRC.

If land remediation relief is available, then a company will benefit from an uplift of 50 per cent of the costs of the repairs, including the costs of any surveys / preparatory works, or potentially a cash credit from HMRC.

Qualifying costs for land remediation relief include the following:

- Remediation of contaminated land
- Removal of asbestos from buildings
- Breaking-out buried structures and the treatment of harmful organisms and naturally occurring contaminants such as Japanese Knotweed, radon or arsenic
- Any pollution from previous industrial activity e.g. heavy metal contaminants from industrial processes

Qualifying Land Remediation Relief must meet a number of conditions, which are referenced below at A to F.

Qualifying Land Remediation Expenditure

A	Expenditure is on land all or part of which is in a contaminated state or a derelict state.
B	The claimant has not created the contamination or dereliction.
C	It is: (a) in the case of land in a contaminated state, expenditure on relevant contaminated land remediation undertaken by the company, or (b) in the case of.
D	The expenditure is: (a) incurred on staffing costs, (b) incurred on materials, (c) incurred in respect of relevant land remediation contracted out by the company to another person with whom the company is not connected, or (d) qualifying expenditure on connected sub-contracted land remediation.
E	The expenditure is not subsidised.
F	The expenditure is not incurred on landfill tax. A claim for the costs must be made within two years of the expenditure being incurred.

Client Case Study

A client was looking to expand their warehouse and upon a survey found that there was asbestos within the roof. Costs to repair this were to be £250,000. By claiming a deduction for the enhanced relief under LRR, an additional deduction from the profits chargeable to corporation tax of £125,000 could be obtained, which saved £23,750 in corporation tax (based on a tax rate of 19 per cent).

As an alternative, if the company had been loss making then they could have obtained a cash credit refund from HMRC up to a maximum of £60,000 based on the above figures.

If you would like a free no obligation consultation, a quote or have further questions on Land Remediation Relief, please contact us on **01494 552 100** and ask to speak to Liza Rowles or Gavin Styles or email us at enquiries@stca.co.uk

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