

## **BUSINESS PREMISES RENOVATION ALLOWANCE**

The BPRA concept was introduced in the Finance Act 2005 but did not come into effect until 11 April 2007. The scheme has a life of five years and so expenditure must be incurred before 11 April 2012.

The initiative is designed to bring back into use derelict or unused properties within specified disadvantaged areas. A disadvantaged area is one set out in the Assisted Areas Order 2007, 107. There is a useful post code checker which can be found at;

<http://www.dtistats.net/regional-aa/aa2007.asp>

Qualifying expenditure is that involved in converting, renovating or repairing a commercial building in a disadvantaged area that has been unused for at least a year. The last use cannot have been as a dwelling. Extending a building or developing land next to a qualifying building does not qualify for BPRA's.

Qualifying premises are those used for a trade, profession, vocation or as offices.

It should be noted that BPRA's are not given on buildings used for the following activities;

- fisheries and aquaculture (fish farming),

- shipbuilding,
- the coal industry,
- the steel industry,
- synthetic fibres,
- the primary production of certain agricultural products, and
- the manufacture or marketing of products which imitate or substitute for milk and milk products.

There is an initial allowance of 100% of the qualifying expenditure. If the initial allowance is not claimed in full, then a writing down allowance of 25% on a straight line basis is given.

If the property is sold or a long lease granted within seven years of the first use of the building after conversion or renovation then there is a balancing adjustment which could result in a balancing adjustment or allowance.

BPRA's are not available to the purchaser of a property converted or renovated under the BPRA rules. If a grant or subsidy is received, then this has to be deducted off the qualifying expenditure.

Any unrecovered VAT on qualifying works can be added to the BPRA claim.

**Any queries? Call 01905 619224**

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