



## The overlooked link in a successful property deal

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Whether you are a first time investor or seasoned property developer, our experience shows that all too often deals can, from a financial and taxation aspect, be less advantageous or lucrative and even more costly than they need be. Why? The main reason may be that a key professional, the accountant and/or tax adviser, tends to be overlooked. A solicitor, banker and surveyor are common place in most property transactions, but how many deals have been run past the watchful eye of your trusted accountant?

Some may have concerns about incurring additional fees, even protracting that important deal. However, evidence shows that advice on financial matters and the treatment of tax can be extremely beneficial. In essence your accountant and tax adviser has a dual role advising on the property purchase and disposal.

Other aspects you should seek advice on from an accountant when looking to acquire property include the best method to fund the purchase and who or what will actually hold the ownership. There is undoubtedly a host of funding options aside from a commercial mortgage, we have seen a heightened interest in and use of pension schemes and off balance sheet acquisitions.

If the decision to acquire a property is purely an investment one, then advice should be sought on the potential returns and the impact of taxation. Your accountant should be able to assist with the assessment of the investment decision, potential income stream and capital returns. They should also be able to advise you on the treatment of Stamp Duty Land Tax and VAT, if appropriate, the implications of which can have a significant bearing on the viability and funding of any acquisition.

A more specialist area is that of Capital Allowances. Many buildings are designed and constructed for a specific business activity or trade and the treatment of the premises for Capital Allowance purposes can be a plus for the purchaser. Unclaimed Allowances can provide a valuable source of tax relief which can make the deal even more attractive or provide a welcome additional source of finance. With forecast changes to Capital Allowances this will become an area that will need careful attention.

Much of what has been covered here also applies to those looking to develop property either as a one off project or as part of a portfolio. Undoubtedly specialist knowledge and timely advice are again the 'watch words'.

With regard to property disposals, the focus of your advisers will revolve around maximizing potential returns, a process which will major on the timing on sale, treatment of any potential tax liability and the best way of dealing with the proceeds of a sale. This may include for some, aspects of Estate planning and Inheritance Tax.

In summary the accounting and tax implications relating to property matters can all too often be overlooked. Without careful planning and specialist advice, financial returns may well fall short of expectations and transactions may not give rise to the desired outcomes.

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