

# LAND REMEDIATION RELIEF (LRR)

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*Land Remediation Relief can be used as a valuable tool to improve the viability of a development scheme.*  
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Land Remediation Relief (LRR) enables commercial property owners, investors and developers to claim corporation tax relief of up to 150% of the cost of cleaning up contaminated land, brownfield sites and the cost of restoring long-term derelict and damaged buildings.

## Qualifying Remediation Costs

Broadly speaking, to qualify for LRR the land or buildings must pose a possibility of 'serious harm' to persons and the environment, 'damage' to buildings, or pollution to water courses.

Common examples of qualifying contamination and measures to remove or mitigate the risks include:

- ✓ Japanese Knotweed
- ✓ Radon protection measures
- ✓ Arsenic
- ✓ Asbestos
- ✓ Contamination caused by previous industrial activity such as agriculture or manufacturing causing e.g. heavy metals or soil contamination
- ✓ Hydrocarbon contamination e.g. fuels or oils
- ✓ Sulphate contamination in soil and concrete
- ✓ Removal of post-tensioned concrete, reinforced pile caps, reinforced concrete basement, building foundations and machinery bases in derelict land
- ✓ Removal of below ground redundant services such as gas, water, drainage in derelict land

# WHAT CAN I CLAIM?

If you have incurred qualifying land remediation costs, you can claim associated costs, which include, but are not limited to:

- ✓ Risk assessments to determine the extent and type of contamination present on the land, eg with surveys, tests, excavations
- ✓ Contractor costs associated with removing contaminants or containing them to prevent further harm
- ✓ Materials used for cleaning up or containing contamination, like soil amendments, chemical treatments, barriers and safety gear
- ✓ Portion of salaries and wages for employees directly involved in remediation work

## How Much Can I Claim?

150%

Loss-making companies are eligible to surrender up to 150% of their land remediation expenditure for a tax credit.

50%

All companies can claim an additional 50% enhancement on qualifying land remediation expenditures when calculating their taxable profits.

16%

Loss-making companies that claim the additional 50% enhancement on their expenditure can surrender the resulting taxable loss to receive a repayable tax credit at a rate of 16%.

## SAMPLE ILLUSTRATION Qualifying LRR Expenditure

Trading Profit	LR Expenditure	50% Enhancement	Corp Tax Rate (25%)
£250,000	£200,000	£100,000	£25,000

### GENERAL CONDITIONS

- ✓ Land and buildings must be in the UK for business purposes or for property rental (investment)
- ✓ The land or building must be owned either as a freehold or leasehold with at least a 7-year term remaining at inception
- ✓ The land must have been acquired with all or part of the land in a contaminated or derelict state
- ✓ The claimant must not be the polluter
- ✓ Subject to corporation tax

## Make your LRR Claim with Blue Commercial

- ✓ Our land remediation relief team of qualified specialists with diverse experience and multidisciplinary construction, engineering, surveying, accounting and tax advisory skills, leverage their expertise to maximise cash saving benefits for our clients.
- ✓ Throughout the remediation expenditure review process, we will work closely with you to identify all qualifying expenditure. We take care of all the heavy lifting, so that you can focus on your core business activities.
- ✓ Generally speaking, Land remediation tax relief must be claimed within 2 years of the end of the applicable accounting period.