



LAND REMEDIATION

Land Remediation Relief (LRR) allows an additional 50% of qualifying expenditure on the remediation of contaminated land to be deducted from a company's taxable profits when calculating its corporation tax. This can mean an additional tax saving of the equivalent of approximately 15% of the expenditure incurred.

The 2008 Pre-Budget Report announced how the government was planning to make changes to Land Remediation Relief (LRR) from April 2009.

Derelict Land

Expenditure on the remediation of long term derelict land will qualify for LRR, although conditions will apply in relation to the period of dereliction and the type of expenditure incurred.

Japanese Knotweed

While, in general, expenditure on naturally occurring contamination does not qualify, the legislation will be changed to include relief for the treatment of Japanese Knotweed, and contamination by radon and arsenic. Again certain conditions will have to be met if the expenditure is to qualify for relief.

Risk Assessments

HMRC will also set out the circumstances in which a risk assessment, carried out as part of the planning process, can be used to show that the "harm" criteria for LRR have been satisfied. In a move designed to provide greater clarity to developers in making decisions on whether or not to develop sites, it appears that HMRC will accept the initial findings of consultants involved at the early stage of a development. The implication of this is that developers can use the expertise of land contamination experts to factor LRR into their budgets at an early stage.

LK's team of contaminated land specialists can carry out risk assessments to provide opinions on whether the "harm" criteria on development sites have been met, thus allowing developers to proceed with a clear view on their LRR position.

In addition, we can also provide assistance with retrospective claims for LRR (certain time limits apply) on a "no savings, no fee basis".

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