



Capital Allowances

Our Data Centre services

Capital allowances for data centers are akin to a tax-deductible expense and are available in respect of qualifying capital expenditure incurred on the provision of Plant and Machinery (“P&M”) in use for the purposes of a trade or rental business. In Ireland these usually take the form of Wear & Tear allowances (“WTAs”) which allow a taxpayer to write off the cost of an asset over a period of time, normally over eight years.

Key Facts:

- Our experience has shown that capital allowances / tax depreciation claims are often understated. This results in taxpayers leaving behind valuable tax/cash savings.
- The area of capital allowances is quite complex. Entitlement must be established and qualifying expenditure must be properly identified. There is no approved list of qualifying items of plant and machinery!

Benefits of claiming capital allowances:

- Claim an immediate tax / cash benefit;
- Reduce or completely shelter a tax liability;

Who can claim?

- If you have built or bought a Data Centre, you can likely claim capital allowances on certain aspects of their construction.
- KPMG’s Tax Depreciation Group will carry out an initial assessment of your capital expenditure – at no cost – to determine if there is an opportunity for us to add value.
- Based on our significant experience completing tax depreciation reports for Data Centres, we normally see a qualifying percentage range of between 60-80% for capital allowances purposes.

What assets usually qualify for Data Centres?

With the Irish capital allowances regime, the building structure itself will not qualify for tax relief. It is therefore critical to maximise the P&M identified in order to secure the most beneficial claim possible. Below is a list of items that may usually qualify:



Data equipment: equipment such as servers and associated racking;



Operating Equipment: Plant & Machinery associated with the trade being carried out;



Building Installations such as HVAC Installations;



Specific P&M related to heat recovery & cooling;



Infrastructure Plant / Equipment to support the operating equipment;



Infrastructure Assets for transportation of Electricity, Water, Heat etc;

- Different jurisdictions have specific rules; some more generous, others less so.
- Through our International Network we can support your Data Centre Tax Depreciation claims in other countries.

Our experience & credentials:



We have successfully completed an extensive number of tax depreciation reports for large Data Centre projects over the past 10 years.



Our review is end to end and will include the analysis of the entire cost data set on a line by line basis, including reconciliation of the project expenditure analysed to the fixed asset additions.



We have worked with a number of U.S. software houses, managing Data Centre construction/refurbishments in Ireland and abroad, including Scandinavia. In total we have analysed more than €4 billion of expenditure on Data Centres, more than €2.4 billion of this was analysed in Ireland alone with almost €1.6 billion in other EU countries.



Our unrivalled experience allows us to efficiently optimise our clients' claims while keeping the time required of their teams to a minimum.



Our team includes four Chartered Quantity Surveyors with strong sector specific experience in undertaking TD / cost segregation reviews for large Data Centre projects.



Our experience in analysing expenditure on the construction and equipping of large Data Centre facilities is particularly strong and we have an excellent understanding of the expenditure, the supporting backup information and the systems typically used for recording the project expenditure as it is incurred.



Our co-located multidisciplinary team enables us to fully understand and address all tax, accounting and construction engineering aspects of projects in both Ireland and internationally, ensuring claims are maximised while being fully compliant.



Our tailored methodologies and reports have been tried, tested, and accepted by Revenue Authorities.

Contact Us



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