Capital Allowances

Our Medical Facilities services

Applicable for Hospitals, Clinics, Primary Care Centres & other Specialised Care Centres

Capital allowances for nursing homes are akin to a tax-deductible expense and are available in respect of qualifying capital expenditure incurred on the provision of Plant & 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 for nursing homes are often understated. This results in taxpayers leaving behind valuable tax/cash savings.
- The area of capital allowances is complex. Entitlement to claim must be established and qualifying expenditure must be properly identified. There is no approved list of qualifying items of plant and machinery!

Examples of some benefits of claiming:

- Claim an immediate tax / cash benefit.
- Reduce or completely shelter a tax liability.
- Compliant tax return.

Who can claim?

- If you built or purchased a nursing home, you can likely claim capital allowances on certain elements of its 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 these assets, we normally see circa 25%-50% of the construction cost incurred on the nursing home as potentially qualifying for capital allowances.

What assets usually quality for Nursing Homes?

Below is a list of items that may qualify:

- **Health Care equipment:** equipment such as patient hoists
- **Operating Equipment:** Plant & Machinery associated with the trade being carried on, such as culinary equipment
- **Building Installations** such as HVAC Installations
- **Energy Efficient Equipment ("EEE"),** in particular certain lighting installations which may qualify for Accelerated Capital Allowances ("ACAs")
- Any items of **P&M** purchased directly by the claimant; such as telephone equipment
- An apportionment of **Indirect Project Expenditure** such as professional/ design fees.

Due diligence report

KPMG can also provide a high-level capital allowance due diligence review on potential acquisitions outlining likely allowances that may be available, this provides our clients with an informed decision prior to purchase.

Our experience & credentials:

We have successfully completed a number of tax depreciation reports for small, medium and large nursing home projects over recent years, ranging from 50 beds to 200 beds in capacity.

Our review is end-to-end and often includes 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 many clients involved in purchasing and/or operating nursing homes in Ireland. We have analysed in excess of €250 million of expenditure on nursing homes in Ireland.

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 tax depreciation studies for small, medium and large projects.

We have an excellent understanding of the types of expenditure incurred, the supporting backup information generally available, and the systems typically used for recording the project expenditure as it is incurred.

Our full time multidisciplinary team enables us to fully understand and address all tax, accounting and construction cost aspects of projects ensuring claims are maximised while being fully compliant.

Our tailored methodologies and reports have been tried, tested, and accepted by the Irish Revenue Commissioners.

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