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HMRC internal manual

Corporate Intangibles Research and Development Manual

From: **HM Revenue & Customs (/government/organisations/hm-revenue-customs)**

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CIRD60020 - Land Remediation Relief: Outline: From 1 April 2009 - Derelict land

This is an outline of the rules for Land Remediation Relief dealing with bringing derelict land back into productive use. It applies for qualifying expenditure incurred on or after 1 April 2009.

Land Remediation Relief is a relief from corporation tax only. It provides a deduction of 100%, plus an additional deduction of 50%, for qualifying expenditure incurred by companies in bringing long term derelict land back into use.

To be derelict, the land must:

- be out of productive use, and
- be incapable of being brought back into productive use unless buildings or structures on it are removed.

To count as long term derelict land, the land must have been derelict since the earlier of:

- When the site was acquired by the claimant company, or a connected party; or
- 1 April 1998.

Relief is given for expenditure incurred in removing the following structures left from any previous occupation of the site:

- post tensioned concrete heavyweight construction,
- building foundations and machinery bases,
- reinforced concrete pilecaps,
- reinforced concrete basements
- below ground redundant services (gas, water electricity and telecommunications).

This list is specific and does not work by analogy.

There are no stipulations on the use to which the site was previously put.

Qualifying expenditure includes the cost of establishing what redundant structures are present and the cost of removing the structures listed above. There is, however, no relief unless the remediation work is carried out.

Land Remediation Relief is available on both capital and revenue expenditure. However, the company must elect, within two years of the end of the accounting period in which the expenditure is incurred, to treat qualifying capital expenditure as a deduction in computing their taxable profits.

In addition to the deduction for removing the specified structures, the company can claim an additional deduction in computing its taxable profits. This additional deduction is 50% of its qualifying expenditure. This relief is given in the same period as the actual expenditure is treated as a deduction in computing their taxable profits.

A company can claim this additional deduction at any time within the general time limit for claims under Corporation Tax Self-Assessment.

A company that makes a loss can surrender that part of the loss that is attributable to Land Remediation Relief in return for a cash payment (a tax credit) from the Government. A claim for a Land Remediation Tax Credit must be made in a CT self-assessment or amended self-assessment.

This is only an outline of the scheme. More detailed guidance on Land Remediation Relief is at CIRD60050 (https://www.gov.uk/hmrc-internal-manuals/corporate-intangibles-research-and-development-manual/cird60050) onwards.

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