In association with

THE CARE HOME BUYER'S GUIDE TO CAPITAL ALLOWANCES

Avoiding Costly Mistakes. Ask the right questions. Protect Valuable Tax Relief.

Contents

Introduction from Chandler & Co

Buying a care home involves far more than securing the right finance. Every acquisition requires careful commercial, legal, operational and tax due diligence, with decisions made before completion often having long-term financial implications.

Capital allowances are one area that is frequently overlooked, yet they can represent a valuable opportunity to improve the overall financial position of an acquisition. Understanding the issues before contracts are exchanged can help buyers ask the right questions and avoid missing potential tax relief.

As part of our Resource Centre, we've partnered with Jex Capital Allowances to provide this practical guide. Jex are recognised specialists in this field and have extensive experience advising care home buyers, developers and operators.

We hope this guide helps you better understand the role capital allowances can play within the wider acquisition process.

"*The best acquisitions are built on good preparation. Bringing together the right team of advisers from the outset helps buyers make informed decisions and avoid costly surprises later.*"

Liz Woollett
Director, Chandler & Co

How Chandler & Co Can Help

Bringing the Right Specialists Together

Every care home acquisition is different. As specialist finance advisers, our role extends beyond arranging funding.

We work alongside a trusted network of professionals, including solicitors, accountants, valuers, compliance consultants and specialist advisers such as Jex Capital Allowances, helping buyers access the expertise they need at each stage of the acquisition process.

Whether you're purchasing your first care home, expanding an existing group or refinancing an established business, we can help coordinate the process and introduce experienced professionals where appropriate.

Chandler & Co can assist with:

- Care home acquisition finance
- Refinancing existing facilities
- Development and refurbishment funding
- Funding strategy from Heads of Terms through to completion

About Jex Capital Allowances

Jex Capital Allowances has specialised exclusively in Capital Allowances for more than 30 years and works with accountants, solicitors, property professionals and commercial property owners throughout the UK.

The practice is regulated by the RICS, is a registered HMRC tax agent and has extensive experience advising on care home acquisitions, developments and refurbishment projects. Founder Jonathan Jex is also a former care homeowner, bringing first-hand operational experience alongside specialist property and tax expertise

Introduction to Capital Allowances

Why Do Capital Allowances Matter?

Buying a care home is one of the largest investments many operators will ever make. Buyers typically concentrate on funding, legal due diligence, CQC requirements and operational performance. Yet one area is frequently overlooked until after completion, capital allowances.

In many cases, the opportunity to claim valuable tax relief can be influenced by decisions made before contracts are exchanged. Once the transaction has completed, some opportunities cannot be recovered.

In the case of buying the shareholding of a company holding the care home property, the process around due diligence is broadly the same and equally as important albeit any claim would be based on the original costs incurred by the company. Any existing claims should be reviewed for completeness, accuracy and validity.

What is Capital Allowances?

Capital Allowances are a form of tax relief available on qualifying expenditure incurred on commercial property – this can be a second-hand purchase of an asset, construction, redevelopment/extension and refurbishment. They allow businesses to claim tax deductions on certain assets that form part of a building, reducing taxable profits and potentially improving cash flow.

In a care home, qualifying assets can include:

- Heating, ventilation and air conditioning systems
- Electrical installations and lighting
- Fire alarms, emergency lighting and security systems
- Passenger lifts
- Plumbing and hot water systems
- Commercial kitchens and catering facilities
- Fixed furniture and specialist fittings
- Certain external installations and site infrastructure because care homes are highly serviced buildings, the value of qualifying assets can be considerable.

However, identifying those assets requires more than simply reviewing a purchase price or construction invoice. It involves understanding the building itself, how it has evolved over time, how previous owners have dealt with Capital Allowances, and carrying out a detailed inspection to identify qualifying plant and machinery.

For buyers, Capital Allowances should be viewed as an important part of the acquisition process rather than something to consider after completion. Decisions made before contracts are exchanged can directly affect the availability of tax relief, making early specialist advice an important part of commercial and tax due diligence.

Why are Care Homes Different?

Not all commercial properties are created equal when it comes to Capital Allowances. Care homes are among the most complex and asset-rich building types, making them particularly well suited to specialist Capital Allowances reviews. In addition, due to how the sector has developed over the last 25 years many sellers have not claimed their full entitlement of capital allowances, meaning that buyers need to carry out appropriate due diligence prior to completion of an asset purchase.

Unlike a standard office or industrial unit, a care home is designed to support the delivery of care around the clock. As a result, it contains a wide range of mechanical, electrical and specialist installations that are integral to the operation of the business and may qualify for Capital Allowances.

These can include:

- Enhanced ventilation systems
- Nurse call systems and other resident safety installations
- Platform lifts and specialist hoisting equipment
- Commercial kitchens and catering facilities
- Commercial laundry installations
- Specialist bathroom and assisted bathing equipment
- Fixed furniture and fittings
- CCTV, access control and door entry systems

Care homes also tend to evolve over time. Extensions, bedroom reconfigurations, refurbished communal areas, upgraded kitchens, replacement heating systems and improvements made to meet changing care standards can all affect the Capital Allowances position. Understanding when these works were undertaken, who incurred the expenditure and how previous owners treated those costs is often just as important as identifying the assets themselves.

This is why a specialist review should never rely solely on construction drawings, invoices or desktop research. Every care home has its own history, and the paperwork rarely tells the whole story.

A physical inspection of the property, combined with an understanding of its development and operational history, often reveals qualifying assets and valuable information that would otherwise remain undiscovered. For buyers, this can make a significant difference to both the value and the robustness of a Capital Allowances claim.

What Common Mistakes Do Buyers Make?

Buying a care home involves legal, financial and operational due diligence, and it is easy for Capital Allowances to become an afterthought. However, decisions made during the acquisition process can have a lasting impact on the tax relief available.

Here are seven of the most common mistakes that we see:

1. Leaving Capital Allowances until after completion

One of the biggest misconceptions is that Capital Allowances can simply be looked at once the purchase has completed. Important decisions affecting entitlement to tax relief are often made during the legal transaction itself. Engaging a specialist before contracts are exchanged provides the best opportunity to protect available allowances.

2. Assuming your accountant will deal with everything

Your accountant plays a vital role in preparing and submitting tax returns, but identifying qualifying assets within a commercial property often requires specialist surveying, valuation and technical expertise. The best outcomes are usually achieved when accountants and Capital Allowances specialists work together.

3. Failing to investigate the property's Capital Allowances History

The property's tax history matters. Previous ownership, earlier claims, historic elections and past refurbishment projects will influence what may be available to a purchaser. Without understanding this history, opportunities may be missed or incorrect assumptions made.

Under normal circumstances the buyer's lawyer will issue the commercial property standard enquiries forms (CPSE'S) to the seller. These pre-contract enquiries have been prepared by the British Property Federation. Under the CPSE's there is a section specifically addressing capital allowances (section 32), ensure that all the questions have been answered properly and follow up with additional requests to ensure a full understanding of the position. The answers to these questions will influence whether any provisions should be added to the contract agreement.

4. Relying on a desktop review

Some firms assess properties using plans, photographs or online mapping without ever visiting the building. Whilst documents provide useful information, they rarely tell the whole story.

A physical inspection frequently reveals alterations, hidden services, specialist installations and qualifying assets that are simply not apparent from paperwork alone. After inspecting care homes for more than 30 years, we continue to discover valuable qualifying expenditure that would otherwise have remained unidentified.

5. Choosing a consultant based on the size of the claim

Headline figures can be persuasive, but larger is not always better. A robust claim should be supported by sound technical analysis, accurate valuations and appropriate evidence. Ultimately, the objective is not simply to maximise a claim but to ensure it can withstand scrutiny if questioned by HMRC.

6. Focusing on fees rather than value

Professional fees should be considered alongside experience, methodology and the quality of the advice provided. A lower-cost report that overlooks qualifying assets or contains technical weaknesses may prove to be far more expensive in the long run than investing in experienced specialist advice from the outset.

Performance related fees should also be avoided. Whilst they can seem good value, they can encourage higher risk computations and not reflect the actual time taken to produce the capital allowances claim. Care homeowners have been caught out with unexpectedly high fees, that are payable prior to the tax savings being enjoyed.

7. Not asking who will support the claim in the future

Preparing the report is only part of the process. If HMRC raises questions months or even years later, will the consultant explain their methodology and stand behind the advice they have given?

Choosing an adviser who is willing to support their work throughout the life of the claim provides reassurance for both buyers and their professional advisers.

Before you Exchange Contracts...

Purchasing a care home is a significant investment, and every decision made before completion can have long-term financial implications.

Capital Allowances are just one element of the wider due diligence process, but they are often one of the most overlooked. Addressing them early can help ensure valuable tax relief is identified, protected and properly documented before the transaction completes.

If you are considering the purchase, refinancing or refurbishment of a care home, Chandler & Co can introduce you to the specialist team at Jex Capital Allowances at the appropriate stage of your transaction.

Working alongside your solicitor, accountant and other professional advisers, Jex can:

- Carry out an initial review of the proposed acquisition.
- Advise on Capital Allowances issues that should be considered before contracts are exchanged.
- Undertake a detailed inspection of the property.
- Identify qualifying plant and machinery.
- Prepare a comprehensive Capital Allowances report to support your accountant's claim.
- Provide ongoing technical support should further questions arise.

An initial conversation can often establish whether Capital Allowances are likely to be available and whether specialist advice would add value to your transaction.

If you would like to discuss an upcoming acquisition or arrange a confidential, no-obligation introduction to Jex Capital Allowances, please contact your adviser at Chandler & Co.

“Having owned and operated care homes myself, I know that no two buildings are the same. The way a home has evolved over the years often tells us as much as the paperwork — and that’s why a proper inspection is so important.”

Jonathan Jex
Director, JexCA

6. Our Approach

Every care home acquisition is different, but the process of reviewing Capital Allowances follows a structured approach designed to identify opportunities while supporting your wider acquisition team.

At Jex Capital Allowances, we work alongside your solicitor, accountant and funding advisers to ensure Capital Allowances are considered at the right stage of the transaction.

Step 1 – Initial Review

The process begins with an initial assessment of the proposed acquisition. We review the property's background, transaction details and available documentation to establish whether Capital Allowances may be available and identify any issues that should be addressed before contracts are exchanged.

Where appropriate, we liaise with your solicitor and accountant to ensure Capital Allowances are considered as part of the wider due diligence process and any additional provisions to protect the buyers position included within the contract documentation.

Step 2 – Property Inspection

A detailed inspection of the care home is then undertaken by one of our experienced surveyors.

This is far more than simply walking around the building. We examine the property's construction, mechanical and electrical installations, specialist care facilities and embedded plant and machinery, identifying assets that may qualify for Capital Allowances.

In our experience, invoices, drawings and online mapping rarely tell the whole story. Even after more than 30 years of surveying commercial properties, we continue to discover qualifying assets and valuable information that would not have been identified without a physical inspection.

Step 3 – Technical Analysis and Valuation

Following the inspection, our surveyors and tax specialists analyse the information gathered and identify qualifying assets in accordance with current Capital Allowances legislation and HMRC guidance.

Where necessary, specialist valuation techniques are applied to determine the value attributable to qualifying plant and machinery within the purchase price.

The objective is not simply to maximise a claim, but to produce one that is technically robust, well evidenced and capable of withstanding scrutiny.

Step 4 – Specialist Capital Allowances Report

The findings are brought together in a comprehensive Capital Allowances report.

This sets out the qualifying assets identified, the valuation methodology adopted and the calculations supporting the claim. The report provides your accountant with the information required to prepare the Capital Allowances claim and serves as supporting evidence should HMRC request further information.

Step 5 – Claim Submission and Ongoing Support

Your accountant incorporates the Capital Allowances claim into the appropriate tax return using the specialist report.

Our involvement does not necessarily end there. Should technical questions arise, we remain available to explain the methodology, provide supporting information and assist throughout any HMRC enquiry.

A Collaborative Approach

Successful Capital Allowances claims are rarely produced in isolation. The best outcomes are achieved when buyers, solicitors, accountants and specialist surveyors work together from the outset. By involving a specialist early in the acquisition process, buyers can ensure opportunities are identified before completion and that claims are supported by the technical evidence needed to provide confidence for years to come.

Initial Review → Property Inspection → Technical Analysis & Valuation → Specialist Report → Claim & Ongoing Support

7. Why Experience Matters in Choosing a Consultant

Capital Allowances is one of the few areas of taxation where an understanding of both property and tax legislation is essential. Calculating a robust claim requires far more than applying tax rules—it demands an appreciation of how commercial buildings are designed, constructed, altered and used over time.

Care homes present an additional layer of complexity. They are highly serviced buildings that evolve continuously as operators respond to changing care standards, resident needs and regulatory requirements. Extensions, refurbishments, upgraded facilities and specialist installations can all influence the Capital Allowances position.

That is why experience matters.

At Jex Capital Allowances, we have specialised exclusively in Capital Allowances for more than 30 years, working alongside accountants, solicitors, commercial property professionals and business owners across a wide range of sectors, including the care industry.

Our founder, Jonathan Jex, brings a perspective that is unusual within the profession. Before establishing Jex Capital Allowances, he owned and operated care homes himself. That practical experience means we understand not only how care homes are built, but how they function as businesses.

When we inspect a property, we are not simply identifying qualifying assets—we understand why those assets are there, how they support the delivery of care and how buildings have often been adapted over many years to meet changing operational and regulatory requirements.

This practical understanding is complemented by professional expertise. Jex Capital Allowances is regulated by the RICS and is a registered HMRC tax agent. Every claim is supported by detailed property inspections, technical analysis and robust valuation methodologies designed to produce claims that are accurate, well evidenced and capable of withstanding scrutiny.

We also believe our responsibility extends beyond preparing a report. Capital Allowances claims may be reviewed many years after completion, which is why we remain available to support our clients, their accountants and their advisers should technical questions arise.

For buyers, the right adviser is not necessarily the one who promises the largest claim. It is the one who combines technical knowledge, practical experience and professional judgement to deliver advice that is accurate, defensible and built to stand the test of time.

Ten Questions to Ask Any Capital Allowances Consultant

- ☐ Will you physically inspect the property?
- ☐ Are you RICS regulated?
- ☐ Who prepares the claim?
- ☐ Is the claim peer reviewed prior to submission?
- ☐ Have you worked on care homes before?
- ☐ Will you support the claim if HMRC raises an enquiry?
- ☐ What information do you need before exchange?
- ☐ How do you value the plant & machinery?
- ☐ Can you work alongside my solicitor and accountant?
- ☐ How is your fee structured?
- ☐ Can you provide references or case studies?

8. Frequently Asked Questions

Can I claim Capital Allowances when buying an existing care home?

Potentially, yes. Many second-hand care homes contain qualifying plant and machinery that may be eligible for Capital Allowances. However, entitlement depends on several factors, including the property's Capital Allowances history, how the transaction is structured and the information available from the seller. Every acquisition should therefore be reviewed on its own merits.

When should I seek Capital Allowances advice?

Ideally before contracts are exchanged. Involving a specialist early allows Capital Allowances to be considered as part of the legal and tax due diligence process. Waiting until after completion may mean that opportunities have been restricted or, in some cases, lost altogether.

Will my accountant deal with Capital Allowances?

Your accountant will usually prepare and submit the tax return, including any Capital Allowances claim.

However, identifying qualifying assets within a commercial property often requires specialist surveying, valuation and technical expertise. Many accountants therefore work alongside Capital Allowances specialists to ensure claims are accurate, well supported and fully evidenced.

Why does the property need to be inspected?

A physical inspection remains one of the most important parts of the process. Invoices, plans and legal documents provide valuable information, but they rarely tell the whole story. A site inspection allows specialist surveyors to identify embedded plant and machinery, alterations and qualifying assets that may not be evident from paperwork alone.

Will the inspection disrupt the Care Home?

In most cases, no. Property inspections are planned with the owner or operator to minimise disruption to residents and staff. Experienced surveyors understand the importance of working sensitively within a live care environment and will agree access arrangements in advance.

What if the care home has been extended or refurbished?

This may create additional opportunities.

Many care homes have been modernised or extended over time, and qualifying expenditure may arise from both the original construction and later improvement works. Reviewing the property's development history is therefore an important part of the assessment.

What if the previous owner has already claimed Capital Allowances?

Previous claims do not necessarily prevent a buyer from claiming, but they can affect what is available.

Understanding the property's Capital Allowances history is an important part of the due diligence process and should be reviewed before the purchase completes.

Can Capital Allowances be claimed on refurbishment projects?

Yes, in many cases.

Expenditure on qualifying improvements, extensions and refurbishment works may attract Capital Allowances. If you are planning to upgrade a care home following acquisition, it is worth seeking advice before works begin.

How long does the process take?

The timescale depends on the size and complexity of the property and where you are in the acquisition process.

Where possible, it is beneficial to begin the review before contracts are exchanged so that any transaction-related issues can be addressed at the appropriate stage.

What information will you need?

Typically, a specialist will review information such as the purchase details, legal documentation, available plans, construction information (where available) and details of any previous refurbishment works. A property inspection also forms an important part of the assessment.

What happens if HMRC asks questions about the claim?

A professionally prepared Capital Allowances claim should be supported by appropriate technical analysis, valuation evidence and documentation.

It is sensible to ask your consultant what level of support they will provide should HMRC request further information after the claim has been submitted.

Is there any obligation if I ask for an initial review?

No.

An initial discussion or assessment simply helps establish whether Capital Allowances are likely to be available and whether specialist advice would be beneficial. It allows buyers to make informed decisions before committing to the next stage of the process.

Key Considerations

Capital Allowances should form part of the wider due diligence process when purchasing a care home. Asking the right questions before contracts are exchanged can help protect valuable tax relief and avoid unnecessary complications after completion.

Use the checklist below as part of your acquisition planning.

- ☐ **Has the seller previously claimed Capital Allowances?**

  Understanding whether previous claims have been made is an important starting point. The seller's Capital Allowances history may influence the buyer's entitlement and should be established as early as possible. Your lawyer should issue CPSE enquiries to the seller in the first instance.

- ☐ **Have your solicitor and accountant discussed Capital Allowances?**

  Capital Allowances are not considered in isolation. The buyer's solicitor, accountant and specialist adviser should work together to ensure the transaction is structured correctly and that any necessary tax elections or contractual provisions are addressed before completion.

- ☐ **Has a specialist reviewed the transaction before exchange?**

  Early involvement allows potential issues to be identified while there is still an opportunity to address them during negotiations. Leaving matters until after completion may limit the options available.

- ☐ **Will the property be physically inspected?**

  A thorough site inspection remains one of the most effective ways of identifying qualifying assets. Whilst plans and invoices provide valuable information; they rarely tell the whole story. A physical survey often reveals installations, alterations and qualifying expenditure that would otherwise remain undiscovered.

- ☐ **Has the property's history been reviewed?**

  Understanding previous ownership, refurbishment projects, extensions and alterations can provide valuable evidence when assessing Capital Allowances. Every care home has evolved differently, and its history can significantly influence the claim.

- ☐ **Have refurbishment and improvement works been considered?**

  Many care homes have been extended, modernised or adapted over time. Qualifying expenditure may arise not only from the original construction but also from subsequent improvement projects, making it important to review the property's full investment history.

- ☐ **Do you know who will prepare the claim?**

  Not all firms prepare claims in the same way. Ask who will carry out the inspection, undertake the valuations and prepare the technical report. Experience and specialist expertise remain key factors in producing a robust claim.

- ☐ **Will the consultant support the claim if HMRC raises questions?**

  Preparing the report is only part of the process. Ask whether the consultant will explain their methodology, respond to technical enquiries and stand behind the advice they have provided if HMRC seeks further information.

- ☐ **Is the adviser professionally regulated?**

  Professional regulation provides reassurance that the adviser works to recognised standards and carries appropriate professional indemnity insurance. This can provide additional confidence for buyers and their professional advisers.

Before you Exchange Contracts...

Care home acquisitions involve significant financial investment and extensive due diligence. Capital Allowances should be considered alongside legal, financial and operational matters, not afterwards.

Engaging the right specialists before contracts are exchanged can help ensure valuable tax relief is identified, protected and supported by robust technical evidence from the outset.

The Bottom Line

Capital Allowances should be viewed as an integral part of the acquisition process rather than a task to be completed afterwards. Early advice, thorough due diligence and specialist property knowledge can help ensure valuable tax relief is identified, protected and supported by robust technical evidence.

Avoid This	Do This Instead
Wait until after completion	Engage a specialist before exchange
Assume the accountant will identify everything	Use a specialist survey and valuation
Desktop review only	Insist on a full property inspection
Choose on price alone	Choose on expertise and evidence
Focus on the biggest claim	Focus on the most robust claim
Ignore the property's history	Review previous claims and elections. Ensure CPSE questions have been answered in full
Think the report is the end	Choose a consultant who will support the claim

Buyer’s Capital Allowances Due Diligence Check List

- ☐ Has the seller previously claimed capital allowances?
- ☐ Has the lawyer issued CPSE enquiries to the seller?
- ☐ Have all the questions been answered correctly and make sense?
- ☐ Has a specialist reviewed the purchase including the CPSE’s?
- ☐ Has the history of the property been established?
- ☐ Is there a need for further negotiation on the capital allowances required including any appropriate contract clauses?
- ☐ Will the property be inspected?
- ☐ Have refurbishments been reviewed?
- ☐ Has the accountant been informed?
- ☐ Have all legal documents been checked?

If you're considering purchasing, refinancing or developing a care home, we'd be pleased to discuss your plans.

Chandler&Co

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