

# Remediation of Contaminated Land Tax Relief (RoCL)

If you work within the brownfield or derelict land or buildings space, you might have heard of HMRC's incentive:

**Remediation of Contaminated Land Tax Relief** or RoCL for short.

*If you haven't, then I'd encourage you to read on!*

HMRC has a fantastic initiative to encourage derelict land and/or buildings to be brought back into use. And what better way is there to encourage such activities? Money!

To help you better understand this generous scheme, We've answered the top 10 questions asked about the topic:

## **What is Remediation of Contaminated land tax relief?**

It is a government tax incentive designed to bring contaminated land and/or buildings back into use.

## **Who can apply for RoCL?**

Only UK Ltd companies can apply for this tax break. Therefore, self-employed, LLPs and government bodies such as councils/universities would not be eligible.

It is also worth noting that if the land/property is held as stock within the accounts, this would prohibit a claim from being made. This limitation mainly impacts property developers.

However, once released from stock or if held as an asset, then the company would be eligible to make a claim. Furthermore, the clean-up costs (*more on what qualifies to come*) must sit under either the balance sheet or P&L of the accounts.

## **How much can my company make from a RoCL claim?**

Much like other forms of tax relief - it depends entirely on your level of spend on activity such as the experts used, or the amount of contamination removed.

Whoever is making your claim - whether it's a specialist provider or accountant - will typically scrape costs from your accounts to maximise your benefit. They will calculate how much expenditure has gone towards the remediation activities and will then advise you of what your benefit outcome will be.

You will either receive a reduction in your upcoming or future tax bill, or a cash injection.

# What type of activity qualifies for a RoCL claim?

There are several activities that qualify under the RoCL scheme, here are some of the most common below:



Demolition



Dismantling



Asbestos/  
Japanese Knotweed



Surveys/reports



Building Materials



Specialist  
subcontractors



Heavy metals



Tank removal



Leaked fuel/  
oil spills



Earth/ground  
works



Removal of  
wasted products



And many more!

## How do I know if my projects qualify for a RoCL claim?

In order to be successful with this claim, the contamination and the land must meet certain criteria:

The company must either own the land or the building or, if leasing, there must have at least seven years left on the lease

The contaminant needs to have been created naturally (Japanese Knotweed) or by the industry. For example, it cannot be oil that you spilt yourself and now need to pay to clean up

The contaminant must have existed when you purchased the land (same point as above- it cannot suddenly appear unless natural)

The contaminant cannot have occurred from a nuclear or natural disaster

The contaminant must face a real threat or risk factor to causing harm and/or pollution to humans, animals, environments, ecology etc.

The qualifying derelict land is not in a productive state. If it is land that requires the removal of buildings or structures, must have been derelict since or after 1st April 1998

## What costs can I include in my RoCL claim?

There are typically three categories of spend that are considered within your RoCL claim:

### **Staff costs:**

This will consider your own PAYE staff who spent time on the RoCL activities.

### **Subcontracted costs:**

This includes costs for a third party engaged to carry out remediation activities.

It covers a wide range of activities from professional fees to prep work to removal of contaminants, but the list can be endless, so it is worth going through qualifying activities with your chosen RoCL tax relief provider.

### **Materials:**

This relates to materials used directly in the remediation works/projects.

Unfortunately, there are a few costs that would not qualify which may be useful to know before you make a claim. These include:

#### **Landfill Tax**

**Expenditure covered by a grant or subsidy**

**Payments to local authorities**

It is also worth noting that typically you would not be allowed to claim for the hire of plant and machinery unless it came with a hire operator or driver.

## **How far back can I make a RoCL claim?**

The amazing thing about this incentive is that you can go back two full tax years and include the work carried out during that period. For example, if you have a 31st December 2023 year-end, you can consider all the projects and spend between 1st January 2021- 31st December 2022.

## **How much does it cost to make a RoCL claim?**

In order to understand how much you will pay will depend on how you actually go about making your claim.

**DIY:** Should you feel comfortable submitting your RoCL claim directly to HMRC, this will only cost you your time. As with all claims- ask yourself, will that be time well spent or wasted? Furthermore, you should note that if you do not understand the tax legislation inside and out, you give yourself a bigger risk of having the claim investigated.

**An Accountant:** Your accountant may be able to submit a claim report on your behalf. They will typically charge a by-the-hour rate or include this in your annual fee (a discussion to be had). Note: tax law is a very niche field and so not all accountants will be specialised in it. It's essential to understand your accountant's level of knowledge before pursuing your claim.

**Using a specialist:** These specialists typically work on a no-win, no-fee basis, taking up to 30% of the final benefit for their services. By going down this route, you are putting your trust in a business that is trained and experienced to maximise your claim in this field.

There are a number of specialists out there, so be sure to do your homework when choosing the right one.

## What is the claim process like?

Again, depending on which route you take to submit your claim, this impacts what your claim journey will look like and how long it will take.

However, the typical process would entail identifying the accounting years you can include, highlighting the suitable activities and costs, writing your report and then submitting it to HMRC.

A matter of weeks at most.

## How long does HMRC take to release my benefit?

From the moment your claim is submitted, I would estimate a four to six-week window.

Maximise your claim

RoCL is a generous incentive that is by no means maximised enough. However, understanding exactly what qualifies can be extremely complicated. By speaking with a specialist that is experienced with these types of claims will help you to ensure the right activity is included in your claim and help you to receive the maximum benefit possible.

If you are involved in the above and would like to learn more, you can contact me,

**Ken Archibald: [info@corkspray.co.uk](mailto:info@corkspray.co.uk) | Telephone: 0333 188 2022**



**corkspray**

[info@corkspray.co.uk](mailto:info@corkspray.co.uk) | Telephone: 0333 188 2022

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