

LRR HELPSHEET

Briefing: Eligibility for Land Remediation Relief (LRR).

Core Criteria for Both Contaminated and Derelict Land Relief

1. Major Interest in the Land

- The claimant company must hold a major interest in the land, meaning:
 - Freehold ownership, or
 - A leasehold interest of at least 7 years (at acquisition or with 7+ years remaining).

2. Land Must Be in the UK

- Relief is only available for land located within the United Kingdom.

3. Land Must Be in a Qualifying State

- For contaminated land: Must pose actual harm or significant risk to people, the environment, or buildings.
- For derelict land: Must be considered derelict before 1 April 1998 and not have been not in productive use and require removal of structures to enable reuse.

5. The Claimant (or Connected Person) Must Not Have Caused the Problem (contamination/dereliction)

- No relief is available if the contamination or dereliction was caused by:
 - The claimant company, or
 - A connected party (as defined under CTA09/S1178 and ICTA88/S839).
- If there's a "relevant connection" to the cause of the issue, the claim is disqualified.

6. Land Must Be Brought Back into Productive Use

- The site must be returned to productive use—e.g., development, commercial use, occupation.
- This does not include landscaping, beautification, or idle holding.

7. Expenditure Must Be on Qualifying Remediation

- Must involve actual remediation work, not just normal site preparation.
- Qualifying activity include: removal of contaminants or structures, soil treatment, demolition, and reinstatement. Subcontractor costs, material costs and employed staff cost pertaining to the remediation work can qualify.
- Capital expenditure can be claimed if elected to be treated as revenue.

7. Timing Rules

- For qualifying LRR expenditure that is capitalised in the accounts for a given accounting period (AP) you claim within 2 years of the account's year end, and an election must be made.
- If the qualifying LRR expenditure is on the balance sheet as WIP/Stock, it is possible to claim relief when the expenditure is released to the P&L to offset the sale proceeds of the land.
- If the qualifying LRR expenditure is considered revenue and therefore in the P&L for the given period, you can claim within 2 years of the account's year end.

8. Used in the Course of a Trade

- The land must be used in the course of the claimant's trade or developed for future trading purposes.

If all these core conditions are met, then the specific criteria for contamination or dereliction can be evaluated next.

1. Contaminated Land – Key Indicators

Clients may qualify if they meet all the following:

- Have incurred costs removing or treating harmful substances (e.g., asbestos, hydrocarbons, heavy metals, invasive species like Japanese knotweed).
- The land was in a contaminated state due to industrial activity, and the contamination was not caused by the client or any connected party.
- Remediation Works were necessary to make the land safe for development or continued use.

Red flags that could disqualify:

- Contamination caused by the claimant or a connected party (related under CTA rules).
- Mere compliance with planning permission without actual remediation.
- Cosmetic or aesthetic work without health/environmental risk.
- No reports/surveys showcasing contamination and hence no remediation strategy.
- Land purchase discounted due to contamination.

2. Derelict Land – Key Indicators

Clients may qualify if they meet all the following:

- Land was derelict (i.e., not in productive use) before 1 April 1998.
- The site required removal of structures or concrete foundations to bring back into productive use.
- The land had no fixed structures or utilities in place when acquired.
- Land became productive again as a result of physical remediation (e.g., demolition, clearance, surface reinstatement).

Red flags that could disqualify:

The site had been in intermittent use or had recent utilities.

Dereliction of land was after 1 April 1998

Site not brought back into productive use.

Land issues caused by claimant or a connected person.

**You may wish to flag clients who are property developers, builders, landowners, or commercial landlords.
The land must be held within a limited company and the company which holds the land must be subject to corporation tax.**

Look for those who recently:

- Developed brownfield or ex-industrial sites.
- Cleared derelict land.
- Treated contamination prior to construction.