Planned investment spending for small and medium-sized manufacturers in the coming year has increased to record levels, according to new research. Plans to spend on buildings are at their strongest since the records began in October 1988 and plant and machinery investment intentions are at their strongest since July 1995.

These results are pertinent given that changes from April 1 2014 to commercial property purchases may affect manufacturers' property investments in particular.

Despite the fact they risk losing out on tax relief the Confederation of British Industry's (CBI) latest SME Trends Survey has found manufacturers' investment intentions have significantly improved on the previous quarter.

Overall, 37 per cent of companies reported an increase in total new orders with 23 per cent reporting they decreased, giving a balance of +14 per cent.

Meanwhile optimism rose for the third consecutive quarter after 34 per cent of respondents said they were more optimistic than three months previously and 13 per cent said they were less optimistic giving a balance of +21 per cent.

Stephen Gifford, CBI director of economics, said: "As the recovery takes hold, the investment cycle is starting to turn. It's encouraging to see smaller manufacturers planning to boost investment, particularly in their plant, machinery and buildings.

"Orders and output continued to grow at a healthy pace, although not as fast as predicted. However, firms remain optimistic about prospects, with growth in orders and production expected to accelerate."

Whilst the survey shows manufacturers are intent on continuing expansion through property, plant and machinery investment intending to invest in buildings it would be prudent for them to take note of how these changes may affect them.

In the past, it has been often possible to claim significant tax relief on plant and fixtures within the building using capital allowances.

From the 1 April onwards however, capital allowances will not be claimable by a buyer acquiring a second hand property where the allowances have not been pooled by a seller and included in a Fixed Value Requirement (s198 Election) or a Disposable Value Statement. Advice should therefore be taken before the purchase takes place.

Failing to adhere to these new rules could lead to a property owner losing out on considerable tax relief or even suffer a reduction in property value for onward sale.

As regards historic acquisitions, there are no additional restrictions on retrospective claims and these can be made at any point prior to disposal. It is therefore well worth checking that the maximum tax relief has been claimed on previous commercial property purchases. Clearly the sooner these claims are made, the sooner the cash flow is obtained. Clearly the sooner these claims are made the sooner the cash flow is obtained.

A total of 335 small and medium-sized manufacturers were questioned for the survey and the overall consensus seems to be that the forthcoming changes will not drastically alter their plans for investment. However, it would be wise to explore all avenues possible to make sure you do not miss out on tax relief.

For more information on how our capital allowances specialists can provide a no obligation review of potential claims contact us on 01254 679131.