

Henderson Black & Co

CHARTERED ACCOUNTANTS

CAPITAL ALLOWANCES

ANSTRUTHER
CUPAR
ST ANDREWS

For full details please see our website at
www.hendersonblack.co.uk

The information in this leaflet is a general
description only and specific advice should
always be obtained before taking any action.

Addresses

26 Rodger Street
Anstruther, Fife
KY10 3DU

Email: anstruther@hendersonblack.co.uk
Tel : 01333 310585
Fax : 01333 312119

Edenbank House
22 Crossgate
Cupar, Fife
KY15 5HW

Email: cupar@hendersonblack.co.uk
Tel: 01334 656666
Fax: 01334 656278

Chestney House
149 Market Street
St Andrews, Fife
KY16 9PF

Email: standrews@hendersonblack.co.uk
Tel: 01334 472255
Fax: 01334 475792

Key Personnel

Senior Partner

Robin Winter

Partners

Jonathan Adamson

Ian Palfrey

Mark Robertson

Matthew Struthers

Associates

Moira Kinloch

Lynn Marshall

Consultants

John Stewart



Capital Allowances

The accounts of a business will normally detail a charge for depreciation on plant and machinery. Depreciation, however, is not allowed as a deduction for income tax and corporation tax purposes. Instead capital allowances can be claimed.

From 1 April 2008 for companies and from 6 April 2008 for unincorporated businesses an Annual Investment Allowance is available giving 100% relief on the first £50,000 of investment in plant and machinery and integral features, but not cars. The maximum was increased to £100,000 from April 2010 and will be reduced to £25,000 from April 2012.

For qualifying expenditure over the maximum allowances will be given at either 20% (18% from April 2012) for plant and equipment in the general pool or 10% (8% from April 2012) for the special rate pool comprising long life assets and integral features.

Henderson Black & Co

Integral features are:

- Electrical systems
- Cold water systems
- Space or water heating systems and powered systems of ventilation
- Lifts, escalators and moving walkways
- External solar shading and active facades

In the following years 20% (18%) of the remaining balance of the general pool and 10% (8%) of the remaining balance of the special pool can be claimed. Once the remaining balance of either pool is £1,000 or less it can be claimed as a deduction.

Motor cars

The amount of tax relief claimed may have to be reduced for any non business use of the car if the business is operated by a sole trader or partnership.

From April 2009 new rules apply based on carbon emissions:

- 100% allowances if emissions are 110gm/km or less
- 20% (18%) allowances if emissions are greater than 110gm/km but no more than 160g/km
- 10% (8%) allowances if emissions are above 160gm/km

Henderson Black & Co

In addition 15% of any lease rental payments will be disallowed for cars falling within the 10% rate.

Agricultural Buildings Allowances

Agricultural buildings allowances are being reduced by 1% each year until they are phased out completely from April 2011.

The same applies to Industrial Buildings Allowances.

Enhanced Capital Allowances

100% allowances are available on certain energy saving and water conservation plant and machinery.

Energy saving plant includes energy efficient boilers, lighting and pipe insulation. (see www.eca.gov.uk for list of qualifying expenditure)

Water conservation plant includes water meters, low flush toilets and efficient taps. (see www.eca.gov.uk for more details)

Capital allowances do not have to be claimed. Where losses or low profits occur, a claim for capital allowances can be restricted. This leaves a higher pool available to carry forward to the following year.

Henderson Black & Co