

## Capital Allowances – Rates Of Allowances

### Plant and machinery

Enhanced Capital Allowances (ECA's) – 100% First Year Allowance

This covers those items that are energy saving or water saving technologies - see [www.eca.gov.uk](http://www.eca.gov.uk)

Integral Features

**10%** for years ending 31<sup>st</sup> March or 5<sup>th</sup> April 2008, 2009, 2010, 2011 & 2012  
**8%** for expenditure incurred after 5<sup>th</sup> April 2012.

This covers; Electrical systems, including lighting; Cold water systems; Space or water heating systems, powered systems of ventilation, air cooling or purification and any floor or ceiling comprised in such systems; Lifts, escalators and moving walkways; External solar shading.

Long Life Assets (LLA's) – As Integral Features

General Plant and machinery

**20%** for years ending 31<sup>st</sup> March (Corporation Tax) or 5<sup>th</sup> April (Income Tax) 2008, 2009, 2010, 2011 & 2012  
**18%** for expenditure incurred after 5<sup>th</sup> April 2012.

It should be remembered that for all expenditure after 1 April 2008 (Corporation tax) and 5 April 2008 (Income tax) the first £50,000 of a business's expenditure on plant and machinery is given as the Annual Investment Allowance and can be claimed at 100%. For years ending 31<sup>st</sup> March or 5<sup>th</sup> April 2010, 2011 & 2012 this AIA has been increased to £100,000. For expenditure incurred after 31<sup>st</sup> March or 5<sup>th</sup> April 2012 the AIA will be only £25,000.

Note that there is also a 40% First Year Allowance for expenditure in the 12 months from 1<sup>st</sup> April 2009 or 5<sup>th</sup> April 2009.

**BPRA's – 100%**

### Industrial Building Allowances

The rates of writing down allowances are as follows;

4% for years ending 31<sup>st</sup> March (Corporation tax) or 5<sup>th</sup> April 2008 (Income tax) and before;

3% or 75% for the year ending 31<sup>st</sup> March or 5<sup>th</sup> April 2009;

2% or 50% for the year ending 31<sup>st</sup> March or 5<sup>th</sup> April 2010;

1% or 25% for the year ending 31<sup>st</sup> March or 5<sup>th</sup> April 2011.

IBA's will be abolished after this date.

Please note that for financial years that cross the above, a pro-rata will be required.

## 4-thought-basics

### Example Plant and machinery claim £200,000

The £100,000 Annual Investment Allowance is shown as being taken in the first year

	£
<b>Integral Features - Special Rate Pool</b>	130,000
<b>General Plant - Main Pool</b>	70,000
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	<b>£200,000</b>

Year ending	Special rate pool	Writing down allowance	Main Pool	Writing down allowance	Cash Value @
<b>31-Mar</b>	£	<b>( £100,000 AIA in year 1)</b>	£		<b>High Rate taxpayer</b>
		10%		20%	40%
2010	£130,000	£103,000	£70,000	£14,000	£46,800
2011	£27,000	2,700	£56,000	£11,200	£5,560
2012	£24,300	£2,430	£44,800	£8,960	£4,556
2013	£21,870	£2,187	£35,840	£7,168	£3,742
2014	£19,683	£1,968	£28,672	£5,734	£3,081
2015	£17,715	£1,771	£22,938	£4,588	£2,544
2016	£15,943	£1,594	£18,350	£3,670	£2,106
2017	£14,349	£1,435	£14,680	£2,936	£1,748
2018	£12,914	£1,291	£11,744	£2,349	£1,456
2019	£11,623	£1,162	£9,395	£1,879	£1,217
ETC.					

<b>Total cash value over 10 years = P&amp;M</b>	<b>£72,809</b>
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<b>Net Present Value @ 5% =</b>	<b>£65,306</b>
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[www.ca-4.co.uk](http://www.ca-4.co.uk)