

Budget 2015 - Capital Allowances Changes

In today's first Conservative Budget for almost 20 years, there were a few changes impacting the capital allowances regime.

Annual Investment Allowance (AIA)

The 100% AIA is currently £500,000. Rather than fall to £25,000- it will become £200,000 on 1 January 2016, with the commitment to this being a permanent level.

As with previous changes to the AIA, there will be transitional rules for business whose year end is not 31 December 2015.

Enhanced Capital Allowances (ECA)

As announced in the March Budget, the list of qualifying energy-saving and water-efficient technologies will be updated during late Summer or early Autumn 2015.

This will introduce a new ECA technology, Waste Heat Energy Recovery; significant changes to the criteria for Packaged Chillers; and further criteria changes for 8 other technologies.

Wear and Tear Allowance (WTA)

From April 2016, the WTA will be replaced with a new relief that allows all residential landlords to deduct the actual cost of replacing furnishings. A consultation will be published before the summer. The current rules allow a tax deduction equivalent to 10% of the rent.

Furnished Holiday Lets will continue to qualify for capital allowances treatment.

Enterprise Zone Allowances (EZA)

The government will hold a bidding round for a new programme of Enterprise Zones (EZ's) later in this Parliament.

As a reminder, EZA is a 100% allowance available to companies installing plant and machinery in designated assisted areas. Not all EZ's attract the 100% allowance and it is also not available to a property business.

We are 50 days from the election, so today's Budget included some nice headlines but not much to report in terms of capital allowances.

Contact Us

If you have any questions about the Budget changes or any other aspect of capital allowances, please contact one of the Yewell Consulting partners.

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