

Capital Allowances

Plant and machinery - Annual Investment Allowance (AIA)

The AIA applies to expenditure incurred on or after 6 April 2011 (1 April 2011 for companies). The AIA gives a 100% write-off on most types of plant and machinery costs, including integral features and long-life assets but not cars, of up to £100,000 p.a. (£100,000 pre- April 2011).

This allowance reduces to £25,000 p.a. from 6 April 2012 (1 April 2012 for companies).

Any costs over the AIA fall into the normal capital allowance pools at either 10% or 20%. The £100,000 limit may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances

The annual rate of allowance is 20% from 6 April 2011 (1 April 2011 for companies). A 10% rate applies to expenditure incurred on integral features and on long life assets on or after 6 April 2011 (1 April 2011 for companies). Long life asset expenditure brought forward will obtain the 10% rate.

The 20% allowance reduces to 18% from 6 April 2012 (1 April 2012 for companies). The 10% allowance reduces to 8% from 6 April 2012 (1 April 2012 for companies).

Cars

For expenditure incurred on cars on or after 6 April 2009 (1 April 2009 for companies), costs will generally be allocated to one of the two plant and machinery pools. Cars with CO₂ emissions not exceeding 160 gm/km will receive a 20% allowance p.a. Cars with CO₂ emissions over 160 gm/km will receive a 10% allowance p.a.