

Capital Allowances

Plant and machinery - Annual Investment Allowance (AIA)

The AIA applies to expenditure incurred on or after 6 April 2014 (1 April 2014 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 £500,000 p.a. (£250,000 pre- April 2014).

Any costs over the AIA fall into the normal capital allowance pools at either 8% or 18%. The £500,000 limit may need to be shared between certain businesses under common ownership.

Other plant and machinery allowances

The annual rate of allowance is 18% from 6 April 2014 (1 April 2014 for companies). A 8% rate applies to expenditure incurred on integral features and on long life assets on or after 6 April 2014 (1 April 2014 for companies). Long life asset expenditure brought forward will obtain the 8% rate.

Cars

For expenditure incurred on cars on or after 6 April 2014 (1 April 2014 for companies), costs will generally be allocated to one of the two plant and machinery pools. Cars with CO₂ emissions not exceeding 130 gm/km will receive a 18% allowance p.a. Cars with CO₂ emissions over 130 gm/km will receive a 8% allowance p.a.