

Capital Allowances

Tax deductible replacement for
"Depreciation"

D'n

w/ off over useful
life
25% p.a.

CA

Taxable ^{HMRC} rules
Tax relief for cost

Plant + Equipment

Computers / phone / tablet

Van

Machine - factory

"perform an active function"

Not allowable

X Buying a Building

↳ can claim to fit it out
✓

- VAT ~~X~~

eg. 10k + VAT

Vat Reg

10k cost

2k Reclaim for
HMRC

Non Vat Reg

Cost =

£12k

3 Types of Allowances

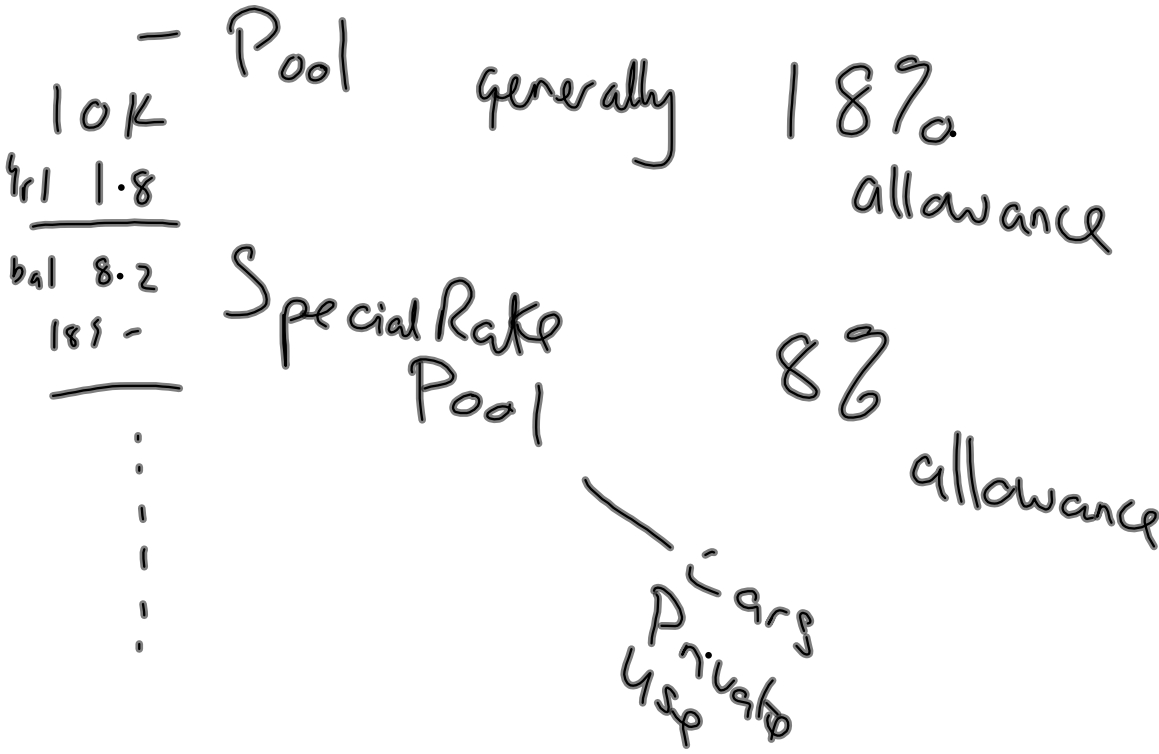
① Annual Investment Allowance (AIA)

100% tax relief

first £200,000 of allowable expenditure
for 12 month period

* NOT ON CARS

② Written Down Allowance (W.D.A.)



③ First Year Allowance (FYI)

Cars with CO₂ Emissions of
up to 50g per km.

* Not time apportioned

RATES of CA

Main Pool 18%

Special Rate 8%

Cars < 50 g.p.k 100%
51-110 g.p.k 18%
> 110 g. 8%

Special Rate Pool

- check out specific examples in notes

Steven 31st March.

1.4.18 WDV Pool £40,000

During year to 31.3.19

4.5.18 Plant £50,000

30.6.18 Motor Car £11,200

6.7.18 " £14,100

15.3.19 " £14,400

CO₂ 100g/km
170g/km
45g/litre

<u>A.P. to 31.12.18</u>	<u>Main Pool 18%</u>	<u>S.R Pool.</u>	<u>Allowance</u>
WDU b/f.	40,000		
Addition for ATA <u>30,000</u> <u>(30,000)</u>			50,000
Motor Car 100g/km.	11,200		
Motor Car 170g/km.		14,100	
Motor Car 45g/km. 14,400 FYA (14,400)			14,400
WDA @ 18%	51,200	14,100	
	(9216)		9216
WDA @ 8%		(1128)	1128
C/And	<u>41984</u>	<u>12972</u>	<u>74744</u>
<u>A.P. to 31.12.19 - No Purchases</u>			
WDA 18%	(7537)		7537
WDA 8%		(1032)	1032

Kenny - Accounts to 31st Dec.

1.1.18 WDV b/f £22,000

Purchased

22.7.18 Machinery £45,000

13.11.18 Long Life Asset £230,000

25.11.18 Motor Car 105g/k £8,000

Calculate Allowances 31.12.18 + 31.12.19

AP to 31.12.18

	Main Pool	SR	Allow
WTV B/Fwd.	22,000		
AIA:			
LL Asset 730,000			
AIA (200,000)			200,000
Machinery 45,000		30,000	
(-)			
Other Addit. Car 105,000	45,000		
	8,000		
WDA @ 18%	75,000	30,000	13,500
@ 8%	(13,500)	(2400)	2,400
	61,500	27,600	<u>215,900</u>

AP to 31.12.19

WDA @ 18%	(11,070)		11,070
@ 8%		(2,208)	2,208
Proceeds	(5,000)		<u>13,278</u>

Selling an Asset

Receive Proceeds

- Cash/Bank
- Part Exch. £ value.

Small Pools WDA $< £1000$

Beth. 5th April.

6.4.18 Main Pool £1250

Purchases - Machinery £10,000

Sells - Plant £500 = Proceeds
(Originally Cost £3000)

(A. for yr to 6.4.19.

Non Pool Assets

- Private Use of asset
 - owner of business
- Short Life Asset

Jane 31st Dec.

1.1.18 WDV

Main Pool

24,200

SR ^{car 105g}

13,600

30% Private Use

Purchased

10.5.18 Plant £6,600

25.6.18 Car £10,600 CO₂ 100g/km

15.10.18 Sold Jane's car for £9,400 ^{for employee 80% business use}

16.10.18 Purchased new car Jane £16,000
CO₂ 180 g/km - 30% Private Use

Calculate C.A. for yr to 31.12.18
+ 19

<u>A P to 31.12.18</u>	Main Pool	70% P/U Car.	70% P/U Car. New	Allow
b/f wdv. 1.1.18	21,200	13,000		
Quoted for AIA Plant 6600 AIA (6600)				6600
Other Additions:-				
Motor Car 103g/km 10,600	10,600			
Disposal		(9400)		
Motor Car 180g/km			16,000	
	<u>31,800</u>	<u>4200</u>	<u>16,000</u>	
WDA @ 18% (5724)				5724
Balancing Allowance		(4200)		
WDA @ 8%		70%		2940
			(1280)	896
			@ 7%	
C/F	<u>26016</u>	<u>0</u>	<u>14720</u>	<u>16160</u>
<u>31.12.19</u>				
WDA @ 18% (4693)				4693
WDA @ 8%				
			(1178)	824
			@ 7%	
C/F	<u>21383</u>	<u>13542</u>	<u>5517</u>	
WDA				

Short Life Asset

- "Depooling" - election

- Common Choice

John - 31st March.

1.4.18 Main Pool WDV £16,000

1.7.18 Purchased Machinery £220,000

1.9.18

" Photocopier £4000

Made a Short Life Asset Election

1.9.18
↓ 1.7.19

Sold photocopier for £1500

Calculate C.As for yr to 31.3.19 and 31.3.20

<u>John AP. 31.3.19</u>		Main Pool	Short Life Asset	Allow
		18%	18%	
WDV b/f.		16,000		
<u>Purchase AIA?</u>				
Machinery	220,000			
Patent	4,000			
	<u>224,000</u>			
AIA	(200,000)			200,000
		<u>20,000</u>	<u>4,000</u>	
		36,000	4,000	
WDA 18%		(6,480)		6,480
		18%	(720)	
			<u>(720)</u>	720
C/f		29,520	3,280	<u>207,200</u>
<u>AP. 31.3.20</u>				
Disposal Proceeds.				
			(1,500)	
Balancing Allowance			(1,780)	1,780
			<u>(1,780)</u>	
WDA 218%		(5,314)		5,314
		<u>(5,314)</u>		
C/f.		24,206		<u>7,090</u>

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AP to 31.3.19			
	Main SR	800 Car	Allow
WDV.	30,000	14,000	
AIA - Sp Rate. 28000			
AIA (28pc)	-		28,000
- other.			
Comp. 60,000			
Mach 84,000			
Plant 60,000			
	204,000		
AIA			
(200000 - 4552800)	172,000		172,000
	32,000		
Motor Cars 85 g/h.	11,200		
Disposal Prices		(8000)	
FYA Car. 17000			
FYA (17,000)			17000
	73200	6000	
WDA 2182	(13176)		
Balancing Allowance		(600)	480
		800	
		Bus	
	60024	0	0