



Capital Allowances

6 July 2023

THIS WEBINAR WILL BEGIN SHORTLY

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Presenters



Today's speaker
Steve Watts
Partner, Capital Allowances
BDO



Today's moderator
Richard Jones
Technical Manager, Business Tax
ICAEW Tax Faculty

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Housekeeping

To ask a question

Click on the **Q&A** button in the toolbar to open the submit question prompt. Type in your question and click **send**. You can also upvote questions from other delegates.



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Resources

A reminder email was sent approximately one hour prior to the start of this webinar, this email contained a link to a webpage where slides and accompanying resources can be downloaded. A link to this page will also be added to the chat function shortly. Finally, a recording of this webinar will be available to watch later at icaew.com/taxwebinars.

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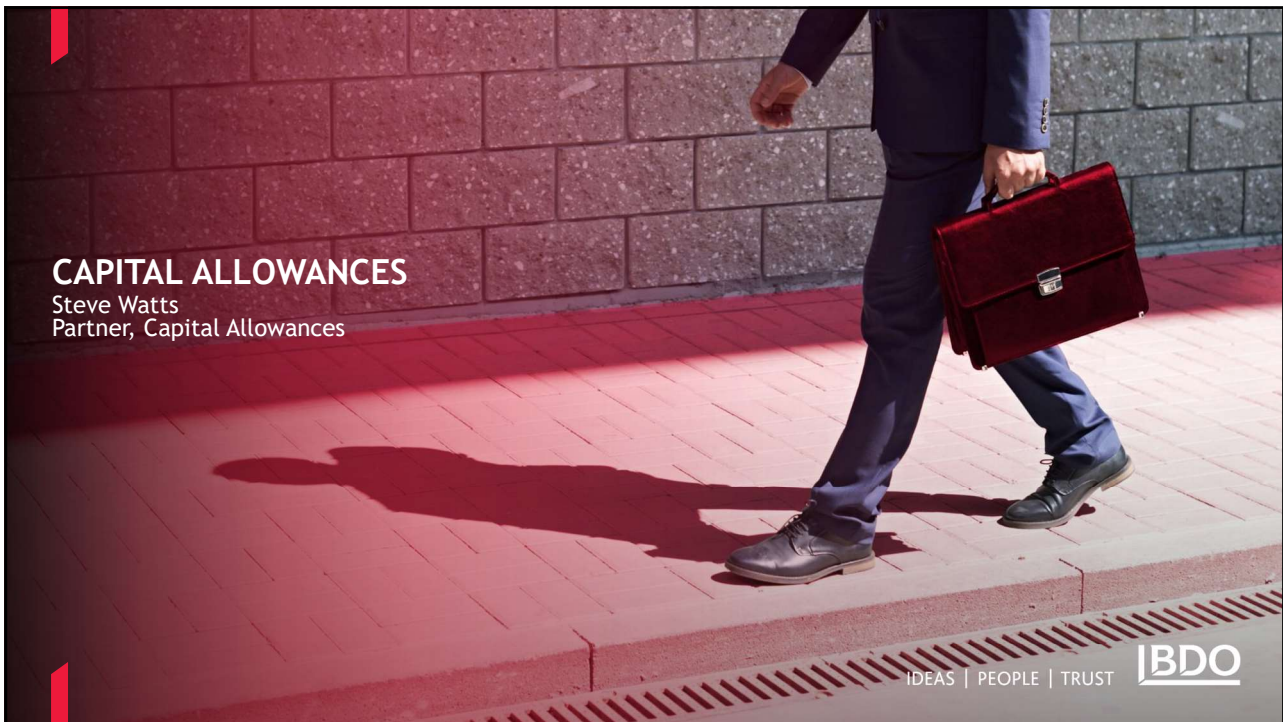
Did you know?

From 1 November 2023, ICAEW's revised Continuing Professional Development (CPD) Regulations bring in new CPD requirements, including a minimum number of hours and an ethics requirement.

This webinar could contribute to up to 1 hour of verifiable CPD, so long as you can demonstrate that the content is relevant to your role.

Find out more about how these changes affect you at icaew.com/cpdchanges.

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CAPITAL ALLOWANCES

Goodbye super deduction hello full expensing

- ▶ Super-deduction (130%) and Special rate allowance (50%) ended on 31 March 2023
- ▶ Main Pool - Full expensing for qualifying expenditure from 1 April 2023 for 3 years
- ▶ Special Rate Pool - 50% first year allowance from 1 April 2023 for 3 years
- ▶ Applicable to companies subject to corporation tax
- ▶ Amount of expenditure is uncapped
- ▶ FYAs are optional not automatic and need to be claimed

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CAPITAL ALLOWANCES

Goodbye super deduction hello full expensing

- ▶ New and unused plant and machinery
- ▶ No specific contract provision dates within Finance Bill
- ▶ Leasing excluded but apart from "background" plant and machinery for a building
- ▶ Special rules re disposal apply so separate pooling and balancing charges on disposal
- ▶ Anti avoidance provisions to exclude expenditure incurred under disqualifying arrangements (including avoiding balancing charge)

CAPITAL ALLOWANCES

Temporary First Year Allowances and Practical Considerations

- ▶ SPVs and commencement of trade
- ▶ Deposits and ownership
- ▶ Software and interaction with intangibles
- ▶ Disposals and future clawbacks - (due diligence, acquisitions etc.)

CAPITAL ALLOWANCES

Temporary First Year Allowances and Practical Considerations

- ▶ Partnerships with corporate members
 - ▶ HMRC Manual Update CA11145 - 13 Jan 2023 CA Claims and partnerships
 - Partnerships - all members subject to Corporation Tax
 - *“The partnership may be entitled to claim capital allowances that are only available to companies within the charge to corporation tax, for example certain first year allowances.”*

CAPITAL ALLOWANCES

Temporary First Year Allowances and Practical Considerations

- ▶ Practical experiences with super-deduction
- ▶ Information requirements and record keeping
- ▶ Tracking assets expenditure and disposals
- ▶ HMRC current approach re super-deduction
 - HMRC utilisation of “nudge letters”
 - HMRC enquiries and specific information requests:
 - General points (price, dates of delivery, date used, new, rented or leased)
 - Assets above “£X value” - invoices, receipts, delivery notes contracts
 - Date first approached supplier and all relevant correspondence

CAPITAL ALLOWANCES

Other announcements in Budget 2023

- ▶ AIA on plant and machinery expenditure to be permanently £1m a year from 1 April 2023
- ▶ Vehicle Charging Points - 100% FYA extended from 1 April 2023 - 31 March 2025
- ▶ Investment Zones- 12 zones announced variety of tax reliefs. Investment will attract
 - 100% enhanced capital allowances for plant and machinery
 - 10% per annum enhanced Structures and Buildings Allowance



***Any
questions?***

Thank you for attending

- Please take the time to fill out our short survey
- Contact the Tax Faculty
- Phone: +44 (0)20 7920 8646
- Email: taxfac@icaew.com
- Web: icaew.com/taxfac

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