

Introduction

The first goal of this *A to Z of Plant and Machinery* is to help readers, in a very practical way, to determine whether (or when) particular assets are likely to qualify as plant or machinery for capital allowance purposes. The book also serves as a practical guide to the claiming of first-year allowances under the somewhat complex rules for energy-saving and water-saving assets, as they apply for expenditure incurred before 1 or 6 April 2020.

The book is written to complement *Capital Allowances 2019-20*, by the same authors and also available from Claritax Books. That title provides detailed commentary on the *Capital Allowances Act 2001*, showing how the sometimes complex tax rules are applied in practice.

One of the key developments in the past year was the decision in the case of *SSE Generation*, which gave clear new insights into a number of aspects of capital allowances law. The ramifications of that case have been built into numerous paragraphs of this book (the key ones indicated in the list below).

The Budget and Finance Bill also introduced a wide range of important changes to the capital allowances regime. These included the new structures and buildings allowance and the temporary increase in the annual investment allowance but also – of more relevance to this book – the abolition from April 2020 of enhanced capital allowances for energy-saving and environmentally beneficial technology, and the reduction in the rate of writing-down allowances for special rate expenditure.

More specifically, this 2019-20 edition includes the following new material.

- the abolition of so-called enhanced capital allowances (for expenditure on energy-saving and environmentally beneficial technology) (numerous references throughout the book, including especially **E6**, **E7**, **E9**, **F11** and **F12**);
- limitations on the effects of sections 21 and 22 (buildings and structures) – important case law insights (*SSE*

Generation), now tempered by legislation in FA 2019 (1.3.5);

- new A-Z entry for access control (A2);
- important new case law insights into the meaning of “works involving the alteration of land” (*SSE Generation*) (A9);
- extension of qualifying period for expenditure on electric vehicle charge points (C15);
- new A-Z entry for closed circuit television (C22);
- expanded commentary on meaning of “weir” (*SSE Generation* case) (D6);
- new A-Z entry for dry risers (D15);
- new A-Z entry for emergency vehicles (E4);
- new A-Z entry for excavation costs (E11);
- expanded commentary re grain silos, in light of *May* decision (G9);
- extensively changed criteria re heat pumps (H7);
- expanded commentary re pipelines (P13);
- updated wording re treatment of rainwater harvesting equipment (R4);
- reduced rate of special rate expenditure, including transitional rules (numerous references but especially S27);
- new A-Z entry for transformers (T15);
- numerous changes to the water efficient sub-technologies qualifying for enhanced capital allowances (various references)

The structure of the book is simple. After the introductory chapters, the main A to Z section provides analyses of more than 300 categories of expenditure. These various categories may be the subject of particular statutory references, or of a useful case law interpretation; or HMRC may have given guidance on how they would intend to apply the law in relation to the expenditure in question. But the categories are also those that come up in practice all the time. Anyone who has ever had to analyse expenditure on a

new property, for example, will have found it necessary to consider the correct treatment of hot and cold water systems, of general lighting, of associated professional fees, and so on.

The HMRC guidance is typically found in the *Capital Allowances Manual*, but the HMRC perspective is also to be unearthed in unexpected places; examples include guidelines issued in relation to such wide-ranging activities as football on the one hand, and the pig industry on the other. These semi-official comments are invariably of wider interest than just for the intended audience and several are included in appendices to this book.

Statutory and case law references are provided at all appropriate points to give authority to what the authors have written. HMRC guidance notes are referred to where these add something to what is already clear from the legal authorities. The HMRC view is occasionally challenged where it seems to the authors that the view is not correct, or where there may be different legitimate interpretations of the law on a particular item.