

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.

The book is written to complement *Capital Allowances 2018-19*, by the same authors and also available from Claritax Books.

This 2018-19 edition includes the following new material.

- additional HMRC example re distinction between repairs and capital expenditure (with commentary re distinction between fixtures and non-fixtures) (**3.4**);
- updated coverage re air-to-air energy recovery devices (**A6**).
- expanded coverage of battery technology (**B4**).
- removal of ECAs for localised rapid steam generators (**B8**).
- new section on costs of cabling (**C1**).
- updated coverage of allowances for cars (**C11**).
- updated coverage of charging points for electric vehicles (**C15 and F11**).
- expanded coverage of the treatment of doors, including the caveat regarding assets with a principal purpose of enclosing the interior of a building (**D13**).
- new category giving amended rules for first-year tax credits (**F12**).
- extension of first-year allowances for gas refuelling equipment (**G2**).
- expanded coverage of the treatment of gates, regarding assets with a principal purpose of enclosing the interior of a building (**G4**).
- new category of green technology, detailing different capital allowances treatments (**G10**).

- new category re hearses and funeral vehicles (**H6**).
- new sub-category re evaporative air coolers (**H8**).
- expanded commentary re inspection pits (**I3**).
- additional categories of lighting controls qualifying for enhanced capital allowances (**L7**).
- detail provided for efficient white lighting units (**L7**).
- removal of high efficiency lighting units from categories qualifying for enhanced capital allowances (**L7**).
- new category re line markings in a car park (**L9**).
- important development in HMRC attitude towards definition of “machinery” (**M1**).
- expanded coverage of the treatment of partition walls, regarding assets with a principal purpose of enclosing the interior of a building (**P3**).
- removal of ECAs for biomass fired warm air heaters (**R1**).
- expanded coverage of distinction between drainage and sewerage systems (**S6**).
- considerable expansion of the commentary on artificial sports surfaces, especially the *Anchor International* decision (**S29**).
- updated coverage of waste heat to electricity conversion equipment (**W6**).
- extension of first-year allowances for zero-emission goods vehicles (**Z1**).
- caveat about application of the *Football League* letter to current circumstances (**Appendix 2 (introduction)**).
- enactment of the *Capital Allowances (Energy-saving Plant and Machinery) Order 2018* (SI 2018/268) (**A5, A6, A18, B8, C24, C26, E5, H1, H7, H8, M11, R1, R6, S24, U2**).

The details of enhanced capital allowances have once more been reviewed and the commentary has been updated as necessary to reflect appropriate changes.

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. 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.