

## **Preface to 2018-19 edition**

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For this 2018-19 edition, we have once more taken full account of statutory and case law developments, and of updated HMRC guidance material. Examples have all been reviewed and updated as appropriate, and once more the commentary has been expanded in places to reflect real cases dealt with by the authors since the previous edition.

### ***Key changes for this edition***

Some of the main changes for this 2018-19 edition have been as follows:

- expanded commentary re restricting capital allowances claims (**1.4.1**);
- successful appeal re late submission of capital allowances claim (**1.4.2**);
- expanded commentary re contractual obligations (**1.5.3**);
- updated commentary re cash basis (**1.9** and various later sections);
- trading allowance for micro businesses (**1.12.2**);
- updated commentary re CoACS (**1.12.5**);
- new commentary re Jersey property unit trusts (JPUTs) (**1.12.6**);
- fixed rate deduction re cars for unincorporated property businesses (**1.12.7** and **9.4.6**);
- 2017 case of *Taylor Wimpey* re meaning of “incorporated into a building” (**4.2.2**);
- additional commentary re restrictions on List C relieving provisions (**4.2.4**);
- tougher HMRC interpretation of “machinery” (**4.2.6**);
- enactment of the Capital Allowances (Energy-saving Plant and Machinery) Order 2018 (SI 2018/268) (**5.4.4**, **10.5.4**, **App. 2**).

- extension of first-year tax credits, and new provisions for computing credits (including transitional rules) (5.11.5);
- new threshold from April 2018 re allowances for cars (5.4.6 and 9.3.2);
- extension of first-year allowances for zero-emission goods vehicles (5.4.7);
- extension of first-year allowances for gas refuelling stations (5.4.8);
- updated new rules re electric vehicle charging points (5.4.9);
- updated thresholds re hire cars (9.10);
- more on distinction between chattels and fixtures (10.2.1);
- expanded commentary re “interest in land” (10.3.1);
- greatly expanded commentary re claims for fixtures where leases are granted or assigned, including some complex worked examples (10.5.7-10.5.11);
- fixtures elections and *in specie* dividends (12.7.1);
- further practicalities re fixtures elections (12.11.4);
- extended worked example re elections re connected business successions (e.g. on incorporation) (18.5.7);
- *Marathon Oil* case re decommissioning expenditure (21.4);
- commentary on business premises renovation allowances and on flat conversion allowances now cut back (Chapters 24 and 31);
- additional example re contribution allowances (landlord and tenant) (32.3.2);
- additional case study re fixtures (re confusion of terminology) (App. 3, Study 9);

Many of the changes in this edition arise out of practical work carried out over the past year. Much of this work has been done in my capacity as a technical director for Six Forward Capital Allowances, run by Jake Iles. We have worked together on a wide range of cases, from simple refurbishments to major sale and purchase transactions involving household name businesses, as well as some substantial new build projects. Jake’s business and valuation skills complement my own detailed knowledge of the

*Capital Allowances Act*, and I am delighted to have Jake as supporter and co-author.

In the background, there is a question mark over the future (or at least the future direction) of capital allowances, pending the outcome of a review by the Office of Tax Simplification. That review had the stated purpose of simplifying the capital allowances system by addressing “issues of uncertainty as regards boundaries and policy objective”. The review also suggested that “broader and more radical approaches” might be considered, including even the replacement of capital allowances by accounts depreciation. The report did warn, however, that the impacts of such a change would need careful consideration. We shall see how it all develops.

This book is complemented by the *A-Z of Plant & Machinery*, written by the same authors and also available from Claritax Books. The *A-Z* takes a detailed look at more than 300 types of common expenditure, showing whether (or in what circumstances) the expenditure is likely to qualify for plant and machinery allowances.

Ray Chidell

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