

Preface to 2017-18 edition

For this 2017-18 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 in places the commentary has simply been expanded to provide further coverage.

Key changes for this edition

Some of the main changes for this 2017-18 edition have been as follows:

- comment on capital allowances in the light of the new CIOT/ATT document *Professional Conduct in Relation to Taxation* (1.1.2);
- updated details of interest relief restrictions, and restrictions for losses brought forward, for larger companies (1.1.3);
- new (2017) HMRC helpsheet re capital allowances (1.3.2);
- the case of *Ayeni v HMRC* re amendments to a tax return for capital allowances purposes (1.4.1);
- reference to *Waterloo Car Hire* case re distinction between capital expenditure and buying trading stock (1.5.2);
- HMRC guidance added re interaction of VAT and capital allowances (1.5.2);
- “capital allowances” defined to include replacement domestic items relief for purposes of restricting capital losses where allowances have been claimed (1.10.4);
- additional commentary re property business losses (1.11.5);
- brief coverage of property income allowance (1.12);
- *Telfer* case in relation to the application of List C in s. 23, and a poor HMRC argument (4.2.4);
- the distinction between plant and premises brought out once again in *Telfer* (4.3.4);
- expanded commentary on meaning of “existing building” for purposes of claiming incidental expenditure (4.4.2);
- potential pitfall when fixtures used for a furnished holiday let start to be used for an ordinary property business (4.10.3 and 12.7.1);

- additional comment on HMRC interpretation of “dwelling-house” (4.14.2);
- the case of *Telfer* (again) in relation to employee expenses claims and the “necessarily provided” test (4.15.3);
- prevention of double tax charge for employees re changes to IR35 rules (4.15.5);
- updated 2016 details of energy technology criteria list (5.4.4);
- HMRC clarification re meaning of “cannot in any circumstances emit CO2 when driven” (5.4.7);
- new first-year allowances for electric vehicle charging points (5.4.9);
- discussion of correct treatment of gifts of assets to others (5.5.5);
- expanded commentary re purpose and effect of long-funding lease regime (7.1.1 and 7.3.1);
- outline of proposals for changes to long-funding lease regime (7.1.2);
- expanded commentary, with example, illustrating effect of anti-avoidance provision at s. 197 (10.7);
- interaction of fixtures elections and revenue expenditure incurred by the seller (11.8);
- further example illustrating circumstances in which the pooling and fixed value requirements may not be imposed (12.3.5);
- commentary on the interpretation of a potential ambiguity in s. 187A(1)(d) where a past owner claimed IBAs but could have claimed plant and machinery allowances (12.3.5);
- further clarification of the practicalities of dealing with fixtures elections where certain expenditure was main rate for the vendor but is special rate for the buyer (12.7.2);
- sample fixtures election expanded with additional commentary (12.7.9);
- short reference to additional case law re valuation principles (12.8.2);
- expanded coverage of capital allowances where there is a business succession (starting at 18.5.1);
- practical point about the interaction of elections under s. 266 (connected persons) and s. 198 (fixtures) (18.5.4);

- the cessation of business premises renovation allowances (BPRAs) (**24.1.1**);
- HMRC guidance re publishing details being published on the European Commission website where investors receive more than €500,000 a year in state aid (**24.1.2**);
- the addition (as **Appendix 2**) of a series of case studies, illustrating many of the principles explained in this book in relation to property fixtures;
- for ease of reference, a series of historic rates of allowances have been added as a new **Appendix 3**;
- the **general index** has also been considerably expanded, including a major new “defined terms” section with pointers to well over 100 definitions.

Many readers will have noticed a change of authors for this edition. My own name remains as the lead author but Jake Iles of Six Forward Capital Allowances now replaces Lindsay Pentelow of Mazars LLP.

Although the task of actually hitting the keys on the keyboard to produce the text is largely my own, the contributions of the other authors reflect valuable day-to-day exchanges about technicalities that are duly reflected in the commentary. In recent years, this book – as well as the accompanying *A-Z of Plant & Machinery* – has expanded to reflect and encompass Lindsay’s insights and experience. I gratefully acknowledge his support and contributions.

I have known Jake Iles since 2007, and we have worked closely for the past three years, all the more so since I joined Six Forward in 2016 as a (part-time) technical director. Even though I have worked with capital allowances for some 30 years, this has proved to be another learning curve for me, as the valuation and survey aspects of capital allowances claims have come more clearly into focus. Jake’s patient explanations, and detailed suggestions for additional content, have directly enriched these two capital allowances volumes, and I am delighted to have him on board as co-author.

The text of this edition is based on the law as at 1 August 2017.

Ray Chidell