

For further information please contact us on 0845 094 9240

Capital Allowances

Enhanced Capital Allowances (ECAs)

Tax breaks and loans for going green – Envos can advise on eligibility for Enhanced Capital Allowances.

Investment in new plant and machinery can be made tax efficient by choosing equipment that is either energy or water saving. Taxpayers can claim an enhanced capital allowance if certain criteria are met.

Enhanced Capital Allowances (ECAs) enable a business to claim 100% first-year capital allowances on their spending on qualifying plant and machinery. There are three schemes for ECAs:

- Energy-saving plant and machinery
- Low carbon dioxide emission cars and natural gas and hydrogen refuelling infrastructure
- Water conservation plant and machinery

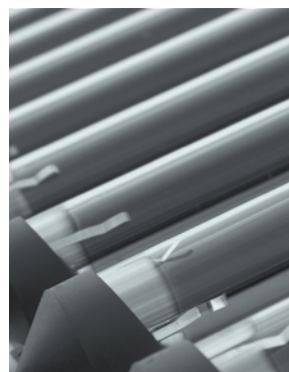
Taxpayers can write off the whole of the capital cost of their investment in these technologies against their taxable profits of the period during which they make the investment.

There are also loans available – some interest free – to purchase equipment from a list of over 14,000 products. Envos can help assess qualification for these loans.

With specialist advice from Envos, energy and water efficient equipment will ensure both maximum tax breaks and lower running costs.

Relevant Legislation:

- Introduced by Order 2003 (S.I 2003/2076) inserted into Capital Allowances Act 2001 (c.2) by Para 3 of Schedule 30 to Finance Act 2003 (c.14) offers 100% WDA in Yr 1 (rather than 20% pa WDA over 5 Yrs) for investment in environmentally beneficial plant & machinery
- Latest amendment S.I 2009 / 1864 Capital Allowances (Environmentally Beneficial P & M) (Amendment) Order 2009 – with effect from 4 August 2009 – see ECA Energy Scheme on www.eca.gov.uk/etl – Energy Technology List
- Detailed regulations varied by Orders following April 2009 Budget announcements, for example seek to encourage lower carbon vehicles by introducing enhanced 20% WDA (Writing Down Allowance) for cars emitting less than 160g/km (only 10% WDA above 160 g/km)



Capital Allowance Claims

Tax liability and cash flow. These are two areas that are a constant concern for all businesses. Yet at a time of extreme economic pressure, the vast majority of property owners are potentially sitting on an unknown cash flow injection and substantial tax credit.

Capital tax allowances are not new. They have been in existence for decades, but the legislation that governs them has changed several times in the last few years.

The net result is that tens of thousands of pounds of capital allowances are going unclaimed relating to plant and machinery.

Case studies show unclaimed allowances of over 80% of the total available and almost all properties have had less than half their entitlement claimed. A recent study of an hotel showed an eligibility of £270,000 in capital allowances of which £242,000 had not been claimed.

As there is no time bar on how far back a claim may go, much of our work is not accountancy oriented. The majority of our time involves itemising the plant content of the property and preparing valuations as at the time of purchase.

Most claims are done on a NO WIN – NO FEE basis. Envos can do some simple checks on any potential claim at no cost to evaluate eligibility.

Relevant Legislation:

- Capital Allowances Act 2001 (including S198 Elections)



Who We Are

Envos is one of the leading independent providers of energy and environmental auditing and consulting services. We operate throughout the UK and offer specialist environmental services, energy assessments and certification, including Carbon2020™ Audits, Energy Performance Certificates (EPCs) and Display Energy Performance Certificates (DECs).

