

# ANNUAL INVESTMENT ALLOWANCE

## GETTING THE TIMING RIGHT



As a reminder, Annual Investment Allowance (AIA)s are a way of speeding up tax relief for most qualifying expenditure on plant and machinery, including integral features (such as electrical systems) and general fixtures (such as baths, showers, toilets). There is an annual limit on the amount of expenditure that can qualify, and certain associated businesses have to share that annual limit.

One of the headline announcements in the budget was that the annual cap on claiming AIA was going up from **£200,000** to **£1m** from 1 January 2019.

***This generous increase is for a fixed two year period and will revert back to £200,000 on 1 January 2021.***

Whilst this is positive news for businesses that spend or plan to spend significant amounts on plant and machinery and equipment, it is important that consideration is given to the timing of any capital expenditure.

As eligibility for the AIA hinges on when costs are incurred careful thought is needed in planning and timing expenditure

***If you intend to incur significant expenditure over the next couple of years, then forward planning would be useful to maximise the tax impact.***

If you need advice in this area, or wish further information please contact Sharon Wood at [sharon.wood@gillilandca.com](mailto:sharon.wood@gillilandca.com)