

# TA.5 Corporate Tax

Rates of Capital Allowance(1,2) March 1981 to May 2011



Type of allowance and start date	Annual Investment Allowance(6)	Machinery and plant (7)	Industrial buildings (8)	Other								
				Hotels	Agricultural and forestry buildings and works (9)	Cars (10)	Ships (11)	Second-hand plant and ships	Research and development assets	Mining works (12)	Dredging	
<b>Initial (3)</b>												
11 Mar 1981	-	-	75%	20%	20%	-	-	-	-	-	40%/fd	15%
14 Mar 1984	-	-	50%	20%	20%	-	-	-	-	-	40%/fd	15%
1 Apr 1985	-	-	25%	20%	20%	-	-	-	-	-	40%/fd	15%
1 Apr 1986	-	-	-	-	-	-	-	-	-	-	-	-
1 Nov 1992	-	-	20%	20%	20%	-	-	-	-	-	-	-
1 Nov 1993	-	-	-	-	-	-	-	-	-	-	-	-
<b>First year (4)</b>												
22 Mar 1972	-	100%	-	-	-	-	fd	100%	-	-	-	-
14 Mar 1984	-	75%	-	-	-	-	fd	75%	-	-	-	-
1 Apr 1985	-	50%	-	-	-	-	fd	50%	-	-	-	-
1 Apr 1986	-	-	-	-	-	-	-	-	-	-	-	-
1 Nov 1992	-	40%	-	-	-	-	-	-	-	-	-	-
1 Nov 1993	-	-	-	-	-	-	-	-	-	-	-	-
2 Jul 1997	-	50%/12%	-	-	-	-	-	-	-	-	-	-
2 Jul 1998	-	40%	-	-	-	-	-	-	-	-	-	-
1 Jul 2000	-	40%	-	-	-	-	-	-	-	-	-	-
17 April 2002	-	40%	-	-	-	100%	-	-	-	-	100%	-
1 Apr 2008	£50,000	-	-	-	-	100%	-	-	-	-	100%	-
1 Apr 2009	£50,000	40%	-	-	-	100%	-	-	-	-	100%	-
1 Apr 2010	£100,000	-	-	-	-	100%	-	-	-	-	100%	-
<b>Other</b>												
6 Nov 1962	-	-	-	-	-	-	-	-	100%	-	-	-
<b>Writing down (5)</b>												
11 Apr 1978	-	25%	4%	4%	10%	25%	25%	25%	-	-	-	4%
1 Apr 1986	-	25%	4%	4%	4%	25%	25%/fd	25%	-	10%/25%	-	4%
26 Nov 1996	-	25%/6%	4%	4%	4%	25%	25%/fd	25%	-	10%/25%	-	4%
1 Apr 2008	-	20%/10%	3/4 of 4%	3/4 of 4%	3/4 of 4%	20%	20%/fd	20%	-	10%/25%	-	4%
1 Apr 2009	-	20%/10%	1/2 of 4%	1/2 of 4%	1/2 of 4%	20%/10%	20%/fd	20%	-	10%/25%	-	4%
1 Apr 2010	-	20%/10%	1/4 of 4%	1/4 of 4%	1/4 of 4%	20%/10%	20%/fd	20%	-	10%/25%	-	4%
1 Jan 2011	-	20%/10%	1/4 of 4%	1/4 of 4%	1/4 of 4%	20%/10%	20%/10%/fd	20%	-	10%/25%	-	4%
1 Apr 2011	-	20%/10%	-	-	-	20%/10%	20%/10%/fd	20%	-	10%/25%	-	4%

Table updated May 2011

## Footnotes

- (1) Rates of capital allowances applying between 1965 and 1978 are published in Inland Revenue Statistics 1996.
- (2) Different rates of allowance may apply in different circumstances for a particular type of asset for a given time period. Where more than one rate of allowance applies, all of the rates are shown in the table and the circumstances under which each one applies are explained in the footnotes.
- (3) Initial allowances were given against expenditure incurred in a set time period. They are available for the chargeable period during which the expenditure is incurred. Writing down allowances may also be claimed for the same period.
- (4) First year allowances are given against expenditure incurred in a set time period. They are available for the chargeable period during which the expenditure is incurred. Writing down allowances may be given only in subsequent chargeable periods, on the balance of expenditure.
- (5) Writing down allowance is the annual rate at which capital allowances can be claimed. This rate is reduced or extended if the chargeable period is shorter or longer than one year. The writing down allowance is the rate which applies in the absence of initial or first year allowances. The rate applies on a straight line basis for industrial buildings, hotels, agricultural and forestry buildings and works and only fractions of a 4% straight-line basis capital allowances claim for these types of expenditures can be claimed between 1st April 2008 and 31st March 2011 as shown in the table. A reducing balance basis is used for all other assets. Total writing down allowances may not exceed the balance of expenditure after deducting initial or first year allowances.
- (6) The Annual Investment Allowance was introduced from 1 April 2008. It is effectively a 100% first year allowance for business expenditure on almost all qualifying plant and machinery (except cars) in the year it is incurred, that is capped at a specified amount. The original amount was set at £50,000. This limit was increased to £100,000 with effect from 1 April 2010.
- (7) Plant and Machinery – The main rate of writing down allowances was 25% until 1 April 2009 when it was reduced to 20%. Expenditure incurred on long life assets generally from 26 November 1996 until 31 March 2008 attracted a 6% writing down allowance. From 1 April 2008 the 10% "special rate" writing down allowance was available for expenditure on long life assets, integral features and certain cars. A temporary 40% first year allowance was available for new qualifying expenditure between 1 April 2009 and 31 March 2010. Temporary first year allowances were available for expenditure incurred by small and medium sized enterprises between 2 July 1997 and 1 July 1998 at 50% (12% for long life assets), and between 2 July 1998 and 1 July 2000 at 40%, with no first year allowance for long life assets. 40% FYAs were made permanent for expenditure by SMEs on plant and machinery from 2 July 2000. This was increased to 50% for small enterprises only between 1 April 2004 and 31 March 2005 and between 1 April 2006 and 31 March 2008. First year allowances specific to small- and medium-sized enterprises are no longer available for new expenditure after 1 April 2008 when the Annual Investment Allowance was introduced. Expenditure by small enterprises on information and communication technology between 1 April 2000 and 31 March 2004 qualified for 100% FYAs. 100% FYAs were available to SMEs investing in certain types of plant and machinery for use in Northern Ireland, for expenditure incurred between 12 May 1998 and 11 May 2002. From 1 April 2001, investments in designated energy saving technologies qualify for 100% FYA. This includes designated environmentally beneficial technologies from 1 April 2003. Expenditure from 17 April 2002 on cars with low emissions and certain vehicle refuelling equipment qualifies for 100% FYAs. From 17 April 2002, expenditure on plant & machinery for the purpose of ring-fence trade (North Sea Oil) qualifies for 100% FYAs (24% for expenditure on long life assets).
- (8) Expenditure incurred between 27 March 1980 and 26 March 1985 on small industrial workshops attracted a 100% initial allowance. A 100% initial allowance is also available for industrial and commercial buildings in enterprise zones. Writing down allowances in both of these cases are at 25%. The 20% initial allowance introduced from 1 November 1992 applies to expenditure on the construction of new industrial and agricultural buildings contracted for in the year ending 31 October 1993, and brought into use by the end of 1994.
- (9) From 15 March 1988, allowances for forestry were withdrawn, but special arrangements allowed for some capital allowances to be claimed in certain circumstances until 5 April 1993.
- (10) Maximum writing down allowance: £1,250 from 7 April 1976 to 12 June 1979; £2,000 from 13 June 1979 to 9 March 1992; £3,000 for cars bought from 10 March 1992 to 31 March 2008. 100% first year capital allowances are available for new cars with approved CO2 emissions figures of 120g/km or less bought from 17 April 2002 to 31 March 2008 and for new cars with approved CO2 emissions figures of 110g/km or less bought from 1 April 2008 onwards. Writing down allowances of 20% can be claimed for cars with approved CO2 emissions figures over 110g/km and up to 160g/km bought from 1 April 2009 onwards, and writing down allowances of 10% can be claimed for cars with CO2 emissions figures of over 160g/km bought from 1 April 2009 onwards.
- (11) A first year allowance for a new ship (all ships from 1 April 1985) may be taken as and when required, free depreciation (fd). Writing down allowances for ships for chargeable periods ending on or after 1 April 1985 can be rolled up and used at will. If the disposal value of a ship exceeds its written down value, giving rise to a balancing charge, the balancing charge may be rolled over for up to 6 years to be set against the capital allowances arising from the purchase of another ship. From 1 Jan 2011 new expenditure on ships is eligible for 10% writing down allowances.
- (12) Initial allowances: Free depreciation (fd) if allowed in development districts (areas) and Northern Ireland. Writing down allowances: up to 31 March 1986, special (depletion based) arrangements applied. From 1 April 1986, expenditure on the acquisition of, or rights over, minerals attracts a 10% reducing balance; other qualifying expenditure a 25% reducing balance, all on an incurred basis. Expenditure from 17 April 2002 on mineral extraction for the purposes of a ring-fence trade (North Sea Oil) will qualify for 100% FYAs. To accompany the 1 January 2006 increase in the ring fence CT supplementary charge to 20% North Sea companies could elect to defer 100% FYAs from 2005 into the following year.

**Contact point for enquiries:**

**Dylan Underhill**  
KAI Direct Business Taxes  
HM Revenue & Customs  
Room 2/43  
100 Parliament Street  
London  
SW1A 2BQ

E-mail : [dylan.underhill@hmrc.gsi.gov.uk](mailto:dylan.underhill@hmrc.gsi.gov.uk)

For more general enquiries please refer to the HMRC website:  
[www.hmrc.gov.uk](http://www.hmrc.gov.uk)

The next update of these tables will be published in Spring 2012.

**Improving Business Taxes National Statistics:**

In the pursuit of continuing to improve these National Statistics, the producers of them at HM Revenue and Customs would very much like to hear from you. If you are willing to provide your contact details in helping us understand further, who the users of these statistics are, please feel free to submit them via the following link:

<https://www.surveymonkey.com/s/dbtsurvey1>