

Cautious welcome for full expensing

Briefings

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CIOT and ATT have both given cautious welcomes to the announcement that the government are to introduce full capital expensing for plant and machinery costs.

Adrian Rudd, chair of CIOT's Corporate Taxes Committee, called it 'a welcome simplification' as, if an item is considered to be plant, it will not be necessary to determine whether the expenditure on it is capital or revenue. However, he added, the extent to which it will incentivise investment is hard to predict, especially if business does not believe that it will last: 'This is why making the change for just a three year initial period is unhelpful.'

Senga Prior, chair of ATT's Technical Steering Group, said that while the introduction of full expensing would help the largest companies with investments in plant and machinery of over £1 million, 'it will do nothing to assist the 99% of companies whose qualifying expenditure on plant and machinery is below that level and for whom the annual investment allowance already provides full relief.'