

Capital allowances: summary

The Capital Allowances regime faces many changes as a result of the 2008 budget.

The main changes, already announced in the Pre-Budget Report, are:

- introduction of Annual Investment Allowance (AIA) of £50,000
- scrapping of first year allowances (FYA)
- reduction in writing down allowance (WDA) from 25% to 20%
- new WDA of 10% for 'integral features'
- phasing out of Industrial Buildings Allowances (IBA) and Agricultural Buildings Allowances (ABA)
- increase in WDA for long life assets from 6% to 10%
- small plant and machinery pools WDA of £1,000
- changes in treatment of low emission cars
- repealing of fire safety capital allowances
- changes to the enhanced capital allowances regime (measures to protect the environment).