

PLANNING CAPITAL EXPENDITURE? 2YRS AND COUNTING TO JANUARY 15

On 19th February 2013, a new Memorandum of Understanding between HMRC and the Isle of Man was signed. The agreement between HMRC and the Isle of Man includes a disclosure facility, allowing investors with accounts in the Isle of Man to come forward and settle any outstanding tax liabilities.

The deal was modelled on an agreement with the United States, which improves international tax compliance, allowing information to be shared across borders. The Isle of Man agreement follows similar agreements with Liechtenstein and the Swiss government.

The disclosure facility will operate from 6 April 2013 until September 2016 and will be backdated to the 6 April 1999. Financial intermediaries in the Isle of Man will be required to inform their clients of the disclosure opportunity before 31 December 2013. They are also required to send a further reminder to clients 6 months before the disclosure ends.

During the Chancellor's Autumn Statement, one of the most significant announcements was the temporary increase in the Annual Investment Allowance (AIA), from £25,000 to £250,000.

The Annual Investment Allowance was designed to give 100% first year tax relief for qualifying plant and machinery, being first introduced in 2008. The Chancellor announced during the Autumn Statement that the AIA limit would be increased from £25,000 to £250,000 from 1 January 2013, for a period of two years. The move is welcomed and of course, targeted at stimulating smaller businesses to invest out of their profits.



If the change takes place during your accounting period, there are transitional rules to calculate how much allowance you can claim. Businesses planning to make any capital investments should seek advice to see if the timing of their expenditure takes the maximum tax relief available and, of course, their expenditure is qualifying.