# FB 2015 – annual investment allowance

**OMB**

01 November 2015

ATT comments on clause 8 of the Finance Bill

The article ‘AIA – arithmetical intricacies?’ (Tax Adviser, September 2015) referred to the ATT’s submission of written evidence to the Finance Bill committee on clause 8. The ATT suggested an amendment to the transitional rules that would ensure that the effective annual investment allowance (AIA) for the whole of the second straddling period could not be less than the summer Budget headline figure of £200,000. The purpose of the proposed amendment was to lessen the cliff-edge impact of incurring qualifying expenditure after rather than before 2016 comes in.

Avid readers of Tax Adviser will know that the ATT has had a long-standing concern about the transitional provisions relating to the temporary increase in the AIA limit. Starting with ‘AIA – arithmetical intricacies allowance?’ (Tax Adviser, March 2013) and returning to the point in ‘AIA arithmetical intricacies ameliorated?’ (Tax Adviser, May 2014), after the announcement of an increase in the temporary AIA limit from £250,000 to £500,000 for the 21 months from April 2014 to December 2015, the ATT has sought to raise awareness of the quirkiness of the rules and to achieve some amendment to the provisions.

Given the gulf between worthy aspirations and practical achievements, it should come as no surprise to learn that the Finance Bill committee approved clause 8 without amendment. Practitioners will therefore need to ensure that clients appreciate how critical the timing of their capital expenditure can be over the next few months.

ATT’s written evidence to the Finance Bill committee on clause 8 can be found on the ATT website.