

## Annual Investment Allowance and the new Full Expensing Policy against the cost of Relocatable Partitioning.

Business can claim an Annual Investment Allowance against the cost of Relocatable Partitioning.

The annual investment allowance (AIA) is £1,000,000. Which means that a business can deduct the full value of an item that qualifies for annual investment allowance (AIA) from profits before tax.

Following the March 2023 budget, the Government announced a Full Expensing Policy, introducing a temporary 100% first year allowance for qualifying expenditure incurred from 1 April 2023 to 31 March 2026. *There may be plans to extend the allowance or to make it permanent, but this is yet to be confirmed.*

If the £1m AIA allowance is exceeded, the new 100% first year allowances can be claimed on 'main rate' new and unused plant and machinery, which is uncapped for expenditure from 1 April 2023.

For earlier expenditure, a writing down allowance (WDA) of 18% would apply to the balance.

Relocatable partitioning is considered to be 'plant' and therefore qualifies. The precedent is John Good and Sons, who in 1958 had a decision overturned at the court of appeal, where it was concluded that partitions which were intended to be movable (i.e. relocatable) to meet the different needs of the business were plant.

Therefore, on the basis that the relocatable partitioning costs £50k, the £50k cost would be written off in year one.

More information can be found here Claim capital allowances: Annual investment allowance - GOV.UK ([www.gov.uk](http://www.gov.uk))

<https://www.gov.uk/government/publications/full-expensing/spring-budget-2023-full-expensing#:~:text=Full%20expensing%20is%20a%20100,year%20that%20expenditure%20is%20incurred> .

And advice should be sought from your accountant before proceeding.

Relocatable partitioning is defined in RICS SKA Rating as; Relocatable or reusable systems can be removed and relocated without substantial repair. And be capable of reinstallation within a tolerance of  $\pm 10\text{mm}$  of the original installed height.

### Resources

#### [FIS Tax Helpline](#)

Provided by the Joint Taxation Committee (JTC), the helpline provides a source of high-quality technical knowledge about all the taxes that apply to construction businesses.

#### [FIS Business and Taxation Toolkit](#)

FIS has a variety of online resources in its toolkit to support members, and as well as direct advice through FIS we have dedicated helplines covering legal, employment and taxation issues that can be accessed. Call FIS on 0121 707 0077 for more information