



Enhanced Capital Allowances (ECAs)

Enhanced Capital Allowances (ECAs) are a 100% tax relief which are available on certain energy and water efficient technologies. The entire cost of expenditure can be written off for tax purposes in the year incurred which is considerably more favourable than the current tax allowances for other plant, machinery and equipment installed.

Typical examples of ECA qualifying items include certain lighting systems, boilers, heat recovery systems and air conditioning units. A claim for ECA includes both the cost of the items as well as the costs of installation and associated project preliminaries and fees.

The availability of ECA entirely depends on specifying the correct products then identifying their costs or making appropriate cost estimates. In order to make a successful ECA claim, liaison is required between the client's construction project team and the client's tax / finance function in order to obtain the 100% tax relief.

In addition to ECA, other expenditure may qualify for tax relief including the following:

- General plant and machinery allowances (e.g. carpet, telephone systems, demountable partitions) on a 20% reducing balance basis. This has been temporarily increased to 40% from 1 April 2009 for a period of 12 months.
- Integral features (e.g. electrical systems; heating, ventilation and air conditioning systems; hot and cold water systems; lifts and escalators; solar shading) on a 10% reducing balance basis.
- Contaminated land relief at 150% of the qualifying expenditure.
- Revenue expenditure at 100% or in certain circumstances, the rate of accounting depreciation.

[Click here to read a case study](#)

WM Energy can advise you on your organisations potential for accessing capital allowances or the scope for claiming enhanced capital allowances for efficiency retrofits.

To find out more about accessing your existing capital allowances call us on 0207 378 5800 or contact us by [email](#).