

Capital Allowances

In the article *Raising the Bar?*, in last month's edition, it was suggested that the new Annual Investment Allowance (AIA) could not be claimed for expenditure on an asset which is to be used partly for business and partly for private purposes. A typical example might be a home computer.

In fact, new section 51A(11)(b), added by Schedule 24 to the Finance Bill, preserves the traditional effect of section 205, *Capital Allowances Act 2001*. This means that, where an asset is to be used partly for business and partly for private purposes, the appropriate proportion of the AIA may be claimed. For example, if private use is estimated at one-third, two-thirds of the expenditure qualifies for an AIA.

Accordingly, the 'duality of purpose' rule, referred to in the article, remains applicable only to revenue expenditure. We apologise if any readers were confused by last month's article.

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