

# Tax E-News

Welcome to our latest monthly tax newswire. We hope you enjoy reading this newsletter and find it useful. Contact us if you wish to discuss any issues further.

May 2019



## The Accelerated Capital Allowance (ACA)

Want to reduce your tax bill and your energy costs? Accelerated Capital Allowance is a tax incentive encouraging investment in energy saving technology.

The Accelerated Capital Allowance (ACA) is a tax incentive scheme that promotes investment in energy efficient products & equipment. The ACA is based on the long-standing 'Wear and Tear Allowance' for investment in capital plant and machinery, whereby capital depreciation can be compensated through a reduction in an organisation's tax liability.

The ACA scheme allows a sole trader, farmer or company that pays corporation tax in Ireland to deduct the full cost of the equipment from their profits in the year of purchase. As a

result, the reduction in tax paid by the organisation in that year is currently 12.5% of the value of capital expenditure. By contrast, the Wear and Tear Allowance provides the same tax reduction, but this is spread evenly over an eight-year period.

For cars coming under the category "Electric and Alternative Fuel Vehicles" the accelerated allowance is based on the lower of the actual cost of the vehicle or €24,000.

### Eligibility for ACA

Companies, sole traders, and farmers that operate and pay corporation tax in Ireland can avail of the ACA scheme.

### Equipment uses

The equipment purchased must be new and bought for use in a trade. It cannot be leased, let or hired to any person, body or organisation.

### Time period

ACA can be claimed for the accounting period in which the equipment was first provided, as long as the equipment is included on the published list at some stage during that accounting period.

### Eligible costs and minimum expenditure

ACA is available for costs directly related to providing the equipment. Expenditure on the technology must be equal to or exceed the minimum amounts for the relevant class of technology. Find the minimum amounts on the categories and criteria here.

<https://www.seai.ie/energy-ratings/triple-e-register-for-business/categories-and-criteria/>

### How to claim the ACA

Decide on the equipment you require. Ensure the equipment model is eligible for ACA by checking the Triple E product register before making purchase.

Claim the ACA through your company's return of income form (CT1). There is now a field for ACA on the form alongside the standard capital allowances entry field.

### Rules and qualifications

The ACA is subject to the same rules as the standard plant & machinery wear and tear allowance. The difference is the acceleration to 100% of capital expenditure during the first year of its purchase.

You don't need approval for expenditure on energy efficient equipment; normal self-assessment tax provisions apply.

Please contact a member of our team if you would like to discuss any of the issues raised.

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## KEY FILING DATES - MAY 2019

TAX HEAD	RETURN	PERIOD	PAYMENT & FILING DATE
Dividend Withholding Tax	DWT	April 2019	14 <sup>th</sup> May 2019
Professional Services Withholding Tax (PSWT)	F30	April 2019	14 <sup>th</sup> May 2019
PAYE/PRSI/USC/LPT	Monthly Deductions	April 2019	23 <sup>rd</sup> May 2019
Corporation Tax	Preliminary tax	Accounting periods ending 30 <sup>th</sup> June 2019	23 <sup>rd</sup> May 2019
Corporation Tax	Corporation Tax Return (Form CT1)	Accounting periods ending 31 <sup>st</sup> August 2018	23 <sup>rd</sup> May 2019
Relevant Contracts Tax (RCT)	RCT Monthly Return	April 2019	23 <sup>rd</sup> May 2019
VAT	VAT3 Return	March/April 2019	23 <sup>rd</sup> May 2019
Corporation Tax	Returns of Third-Party Information (Form 46G)	Accounting periods ending 31 <sup>st</sup> August 2018	31 <sup>st</sup> May 2019
Corporation Tax	Close companies with undistributed profits	Accounting periods ending 31 <sup>st</sup> November 2017	31 <sup>st</sup> May 2019

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