



An Investor's Guide to Plant and Machinery in Buildings

Virtually every building will contain an element of plant and machinery on which eligible capital allowances may be claimed. The value however will vary depending upon a buildings type, specification and size.

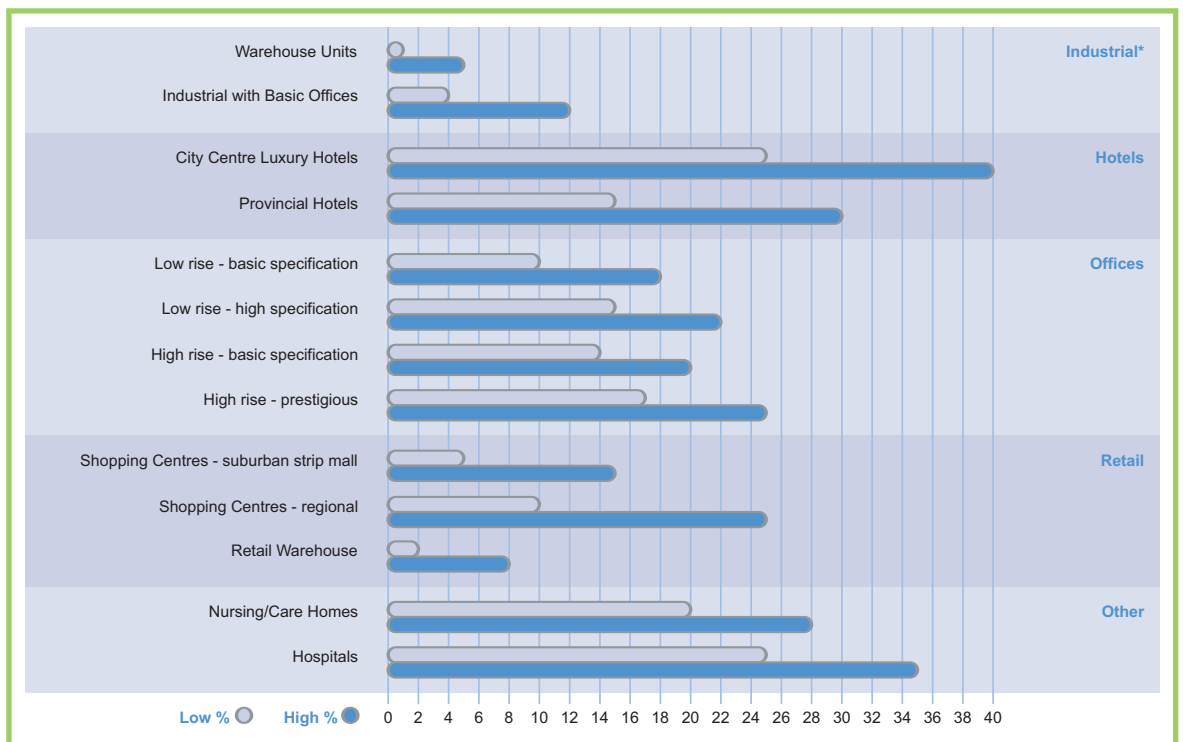
What Qualifies for Wear & Tear / Depreciation Allowances?

Plant and machinery including heating and air-conditioning equipment, lifts, wiring to fixed plant, switchgear, emergency lighting, fire alarm installations, hot water installation, carpets and removable floor coverings, fittings and furniture, demountable partitioning used for trade flexibility, certain fire fighting equipment, mechanical door closers, security equipment, telecommunications installations, trade and information signs, vehicle control equipment, window cleaning equipment and assets used to create 'atmosphere' or 'ambiance' in a hotel, restaurant or public house.

This list is by no means exhaustive but provides a guide to the plant & machinery most commonly found in buildings.

How Much is Plant & Machinery Worth?

As a guide it would be reasonable to assume that the following percentages can be applied to the purchase price of various types of buildings to provide an assessment of the value of qualifying plant & machinery:



As the cost of purchasing a building includes for the land, the above percentages could vary depending upon geographic location of the property in question.

* Industrial buildings allowances may also be available where the building is in a qualifying use.

For further information or a capital allowances assessment without obligation

Tel: +44 (0)20 8416 0077 or Email: mail@pjb.com

www.pjb.com

The information contained in the DATASHEET is believed to be correct, but there may be errors or omissions for which PJB cannot be responsible. It is therefore essential to take advice on specific issues.

How is Plant & Machinery Valued in a Purchased Building?

Wear and Tear allowances are based upon the expenditure incurred on qualifying plant and machinery. Where this forms part of the purchase price of a building, the Income Tax Act No.58 of 1962 requires that the value of qualifying assets be “determined as that of a cash transaction at arms length on the date of conclusion of the sale”. Therefore, in order to ascertain the value of allowances an “apportionment” of the acquisition price must be based on a separate valuation of land, buildings and plant, machinery etc.

The percentages shown in the table apply to an existing property purchased including its land. Percentages of plant & machinery on the construction cost of a new building will be significantly higher, as land does not form part of the cost.

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