

Kingmoor Park Enterprise Zone

Enhanced Capital Allowances (ECA) Guidance

Introduction to the ECA Incentive

Enterprise Zones are designed to encourage and accelerate economic growth and investment. Enhanced Capital Allowances (ECAs) are intended to contribute to this objective by promoting capital investment by companies in a number of designated ECA sites within Enterprise Zones.

From an occupier incentive perspective, Kingmoor Park Enterprise Zone is designed to provide either Business Rate Discounts or ECAs. Occupiers cannot claim both and ECAs are only available on sites within designated EU Assisted Areas (Kingmoor Park).

Within Kingmoor Park Enterprise Zone there are two areas of the site that are eligible for ECAs. The approved ECA site boundaries are identified in Appendix A.

The ECA Incentive

On each of the designated ECA EZ sites identified at Appendix A, occupiers are able to write down the costs of qualifying plant and machinery assets against their taxable income.

Under the guidance, occupiers will be eligible for a 100% first year allowance on capital expenditure on qualifying assets until 31st March 2024 within the identified Kingmoor Park Enterprise Zone ECA sites.

The allowances relate to capital expenditure on qualifying assets from 1st April 2016 when the EZ became formally operational. The maximum capital investment that can qualify for enhanced allowances is €125 million per project and the new capital investment must be maintained in the Assisted Area for a period of five years. There are criteria in that plant must be new and represent an investment not a replacement of existing plant. Some businesses and some types of expenditure are specifically excluded from the provisions and HMRC is able to advise further on this¹.

¹ Further information and contact details can be found at:
https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/293825/TIIN_8091_enterprise_zones_enhanced_capital_allowances.pdf

This clearly provides a major financial incentive to businesses investing in plant and machinery assets within the eligible EZ sites. Eligible businesses are already entitled to the Annual Investment Allowance of £200,000 and so the ECAs will be of benefit to businesses investing more than this on qualifying assets and will most likely benefit medium and larger sized businesses.

Application Process

There are no sector/growth restrictions and any business can apply for the ECAs.

ECAs are claimed by the business through annual tax returns to HMRC. It is the responsibility of occupiers to claim ECAs, not that of Carlisle City Council, Cumbria County Council, Cumbria LEP or Kingmoor Park Properties.

Any technical queries relating to ECA qualifying assets/expenditure should be directed to HMRC or a capital allowance specialist.

Appendix A: Kingmoor Park Enterprise Zone Map showing ECA/BRR Areas

