

OMB TAX

# SUPER DEDUCTIONS ON NEW PLANT AND MACHINERY



**Starting 1 April 2021 and ending 31 March 2023, most companies that invest in qualifying new plant and machinery assets will be able to claim new super-deductions and allowances.**

## WHAT IS AVAILABLE TO CLAIM?

- A super-deduction providing allowances of 130% on most new plant and machinery investments that ordinarily qualify for 18% main rate writing down allowances
- A first year allowance of 50% on most new plant and machinery investments that ordinarily qualify for 6% special rate writing down allowances
- Companies will not be able to use the super-deduction to buy used equipment
- The super deduction is not available on expenditure in respect of contracts signed before 3 March 2021, even it is not actually incurred until 1 April 201 or later.

## HOW DOES THE SUPER DEDUCTION WORK?

For the majority of business equipment, there will be a super-deduction of 130% of the expenditure incurred. This means that for a spend of £100,000, the corporation tax deduction will be £130,000, giving corporation tax relief at 19% on £130,000, which amounts to £24,700.

Normally such expenditure would either fall within a company's annual investment allowance and produce relief of only £19,000 or alternatively be tax-relieved at 18 per cent of the cost per annum.

Small and medium sized companies that look to use asset finance to invest in plant and machinery will need to meet additional conditions to qualify for the super-deduction but it is thought that in most cases such expenditure will still qualify for the relief.

**Companies should be aware of the tax impacts that selling the assets in the future could cause and of the types of expenditure that is excluded from being claimable.**



## WHAT ASSETS CAN I CLAIM SUPER DEDUCTIONS ON?

- Tractors, lorries, vans (not cars)
- Ladders, drills, cranes
- Computer equipment and servers
- Solar panels
- Electric vehicle charge points
- Refrigeration units

These are a few examples of assets that qualify, however the super-deduction is not limited to just these assets.

## HOW WE CAN HELP

There are additional conditions which come with the super-deduction so please ensure the equipment you plan to purchase qualifies and also your purchase plan and company comply with the required criteria. For assistance please contact your local Moore (South) Office.

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