



**TAXCARE
ACCOUNTANCY**

*Chartered Certified Accountants
Business & Tax Advisors*

WEEK 36
NEWSLETTER
KNOW ABOUT SUPER-DEDUCTION RELIEF

15
YEARS OF
EXPERIENCES



EVERYTHING YOU NEED TO KNOW ABOUT SUPER-DEDUCTION RELIEF

If you're a business owner in the UK, you'll likely have heard of the UK government's super-deduction relief tax policy that's designed to give UK businesses a helping hand in investing.

Continue reading at page 2

Tax Advice That Helps Your Business Grow

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Super-deduction

But what is the super-deduction allowance and how could it benefit you? Let's take a closer look.

WHAT IS THE SUPER-DEDUCTION ALLOWANCE?

In simple terms, the super-deduction allowance is a tax incentive offered by the British government. The allowance allows UK businesses to claim 25p for every £1 they invest in 'qualifying' equipment and machinery for two years starting from 1st April 2021 and ending 31st March 2023.

From the 1st April 2021, UK businesses have been able to claim a 130% super-deduction capital allowance on qualifying machinery and plant investments, as well as a 50% first-year allowance for qualifying special rate assets.

For more information about the super-deduction relief policy, you can take a look at the government's fact sheet given below:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/967202/Super_deduction_factsheet.pdf

WHAT IS THE PURPOSE OF THE SUPER-DEDUCTION ALLOWANCE?

After the economic downturn caused by the COVID-19 pandemic, business investment was put on hold, despite the support offered by the UK government. The super-deduction aims to encourage firms to invest in plant and machinery assets that will enhance business productivity and encourage growth and further investment.

The allowance has been dubbed as one of the most attractive tax incentives for business investment the UK government has ever offered in order to drive growth in the UK economy.

What types of equipment and machinery qualifies for the super-deduction?

The equipment and machinery that qualifies for the tax deduction include all new plant and machinery that would usually be eligible for the 18% main pool rate of capital allowances.

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THIS INCLUDES:

- Compressors
- Refrigeration units
- Office desks and chairs
- Computer equipment and servers
- Ladders, cranes and drills
- Vans, lorries and tractors
- Electric vehicle charge points

WHAT PLANT AND MACHINERY QUALIFY FOR THE SPECIAL RATE ASSETS ALLOWANCE?

The special rate assets allowance covers any plant and machinery eligible for the 6% special rate pool, including essential assets and building features that are expected to last for over 25 years.

THIS INCLUDES:

- Building electrical systems
- Internal water pipes
- Solar panels
- Foundry equipment

It is important to remember that there are certain expenses that aren't included, such as second-hand plant and machinery and company cars.

What happens if I sell assets that my company has claimed the SR allowance or super-deduction for?

It's essential to make sure that any assets are tracked for capital allowances reasons so that you can ensure that they are given the correct tax treatment when they're disposed of.

If you choose to dispose of main pool items, you will need to pay a balancing charge (a 50% tax on the sales proceeds). The other 50% rate will be taken from the special rate pool. If you disposed of the assets after 1st April 2023, the 25% corporation tax rate will apply to the balancing charge.

FIND OUT MORE

Here at Taxcare Accountancy, our professional team can help you with the Health and Social Care Levy. With incredible customer support, we're the experts to place your trust in.

Get in touch at info@taxcareaccountancy.co.uk for more details.

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Page 3 of 4 - Taxcare Accountancy Newsletter



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