



Super Deduction Tax

The Government announced a super-deduction tax in their 2021 Budget that will encourage firms to invest in productivity-enhancing plant and machinery assets that will help them grow, and to make those investments now.

What is the Super-Deduction Tax break?

The super-deduction tax break means that for qualifying assets that your business purchases throughout the year, will allow you to claim 130% tax relief and offset this against taxable profits.

Under the super-deduction, for every pound a company invests, their taxes are cut by up to 25p.

For example:

- Investing in plant and machinery of £100,000.
- The Corporation Tax deduction will be £130,000 (130% against your taxable profit).
- Current Corporation Tax relief at 19%, giving you a tax relief of £24,700.
- $£100,000 \times 130\% \times 19\% = £24,700$.

Does my Business Qualify?

Any company that pays corporation tax and purchases plant or machinery assets after 1st April 2021 can qualify for the tax incentive.

The super-deduction tax incentive lasts until 31st March 2023.

Sole traders, partnerships and LLPs do not qualify.

What criteria must the assets meet?

The capital investment must be in new and unused plant and machinery.

Assets can be funded via a hire purchase agreement but cannot be leased as ownership of asset must be demonstrated.

Do your assets qualify? [Click here to download The Government Factsheet.](#)

Here is an example

For machinery with a value of £10,000, you could save an additional £570

Qualifying Machinery Value	£10,000.00
Corporation Tax Rate	19%
Standard Tax Allowances	
Standard Corporation Tax Deduction	£10,000.00
Standard Tax Saving	£1,900.00
Enhanced Tax Allowances	
Super Corporation Tax Enhancement Deduction for Qualifying Machinery	£13,000.00
Enhanced Tax Saving	£2,470.00
Additional Tax Benefit for Qualifying Machinery over and above the Standard Allowances	£570.00

If you want to find out more and take advantage of the tax benefits, talk to us today!

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