

# SUPER-DEDUCTION TAX INCENTIVE

Chancellor Rishi Sunak has described the super-deduction as “the biggest business tax cut in modern British history” for its two-year duration. Designed to spur investment in plant and machinery, it could support your business growth. So what’s included, and who qualifies?

## SUPER-DEDUCTION

### What is it?

The government aims to encourage investment and boost productivity with this new allowance, announced in the 2021 Budget. From 1 April 2021 to 31 March 2023, companies can claim 130% capital allowances on plant and machinery investments that would usually qualify for 18% tax relief.

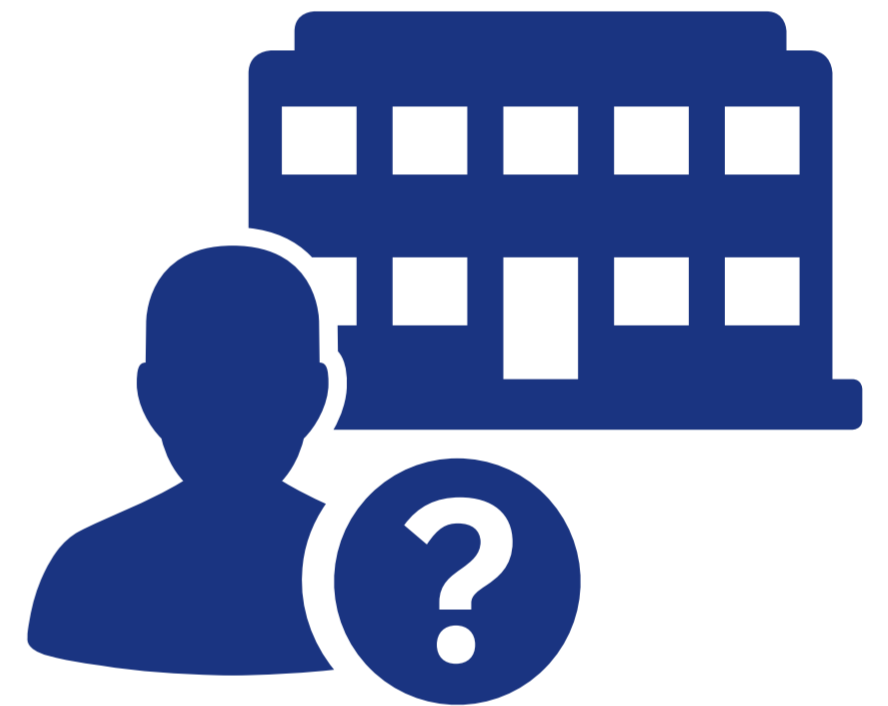
There is also a first-year allowance (FYA) of 50% for assets that would usually qualify for the special rate of 6% tax relief.



The super-deduction means businesses can cut taxes by up to 25p for every £1 they invest. For example, a company investing £100,000 can claim a deduction of £130,000 against taxable profits, saving up to 19% of that – or £24,700 – on its corporation tax bill.

### Who can claim?

Companies that pay corporation tax and invest in plant or machinery on or after **1 April 2021** are eligible. Sole traders, partnerships and limited liability partnerships do not qualify.



### What assets qualify?

The capital investment must be in **new and unused plant and machinery** and there is no expenditure limit. Assets can be funded via hire purchase but cannot be leased as ownership of asset must be demonstrated.



#### Eligible assets for the super-deduction



- Cranes and diggers
- Machinery and tooling
- Computer equipment and software
- Office furniture
- Commercial vehicles such as tractors, lorries and vans (not cars)

#### Eligible assets for the 50% FYA



- Electrical and lighting systems
- Hot- and cold-water systems
- Air-conditioning systems
- Lifts
- Solar shading

#### Ineligible assets



- Second-hand or used assets
- Cars
- Buildings and structures (excluding integral features)

Find out more about the super-deduction and 50% FYA allowance here: [gov.uk/guidance/super-deduction](https://www.gov.uk/guidance/super-deduction)

Find out more about how Lombard could support your business growth with asset finance at [lombard.co.uk/](https://www.lombard.co.uk/)

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