

New temporary tax reliefs on qualifying capital asset investments from 1st April 2021

On 3rd March 2021, HM Treasury released a £65 billion three-point plan to provide support for jobs and businesses as we emerge from the pandemic and forge a path to recovery. Within the Chancellor's plans, details of a temporary change to Capital Allowance corporation tax relief were outlined.

What does this mean for my business?

Under the new criteria, businesses will now benefit from the introduction of a temporary 130% super-deduction for main rate plant and machinery investments, and a temporary 50% first-year allowance for special rate assets. This will cut a companies' tax bill by 25p for every pound they invest in plant and machinery, including office furniture.

When are these changes valid from?

This remains in place for expenditure incurred between 1st April 2021 and 31st March 2023.

What assets qualify as Plant and Machinery?

The assets which qualify for either the super-deduction or the 50% first-year allowance include, but are not limited to:

- Solar Panels
- **Office chairs and desks**
- Computer equipment and servers
- Tractors, lorries and vans
- Ladders, drills and cranes
- Electric vehicle charging points
- Refrigeration units
- Compressors
- Foundry equipment

Why have these changes been applied?

Following the Covid-19 pandemic, the usual level of business investment has fallen. By making capital allowances more generous, the super-deduction will give companies a strong incentive to make additional investments and to bring planned investments forward, encouraging nationwide economic growth.

Where can I find out more information?

Further details about these changes and the additional capital allowance changes can be found [here](#).