

Making the most of the new 'Super Deduction' Tax scheme announced in the Spring Budget?

A new 'super-deduction scheme' which is in effect an extension of the Annual Investment Allowance (AIA) has been introduced.

From 1 April 2021 until 31 March 2023, businesses investing in qualifying assets will **benefit from up to 130% first-year capital allowance**.

This allows businesses to **deduct the full value of qualifying assets** from profits before tax.

The full tax relief is received in the year assets are purchased rather than over several years, therefore **reducing the tax liability**.

This measure will provide **significantly faster tax relief** for qualifying investments up to £1 million, helping businesses to **invest and grow**.

For example under the new rules: If taxable profits pre-investments are £200,000, and a business invests £100,000 in qualifying new vehicles, plant

or machinery, they will be entitled to claim in that year a capital allowance of £130,000, a saving of £112,000 compared to current rules.* The scheme works alongside a number of finance options including Hire Purchase.

The extension in AIA will apply to qualifying expenditure on vehicles, equipment, machinery and other assets a business needs from 1 April 2021 (dependent on a businesses chargeable period).

For more information on this allowance from HM Revenue & Customs, refer to their website: **www.gov.uk** or **contact your Close Brothers representative who can discuss your individual requirements with you**.

Close Brothers Business Finance offer a range of flexible finance options for the purchase of assets and support business growth.

 **0330 134 6400**

 **www.closebusinessfinance.co.uk**



Modern Merchant Banking

*The example shown is for reference only. It is advisable that you seek professional advice from your accountants or tax advisor

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