

Super-deduction and **50% first-year** allowances

As announced at Budget, between 1 April 2021 and 31 March 2023, companies investing in qualifying new plant and machinery will benefit from new first-year capital allowances.

Under this measure, investments in main-rate assets will be relieved by a 130% super-deduction, whilst investments in assets qualifying for special rate relief will benefit from a 50% first-year allowance. The super deduction works out at an additional 5.7% tax relief over and above corporation tax so not as attractive as it first seems.

Legislation will be included in Spring Finance Bill 2021 for these measures, including accompanying consequential amendments to Capital Allowances Act 2001

