

Capital allowances

IN 60 SECONDS

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What are capital allowances?

Capital allowances are the HMRC or tax equivalent of depreciation. Capital allowances can be used to reduce your businesses taxable profits and subsequently, reduce your tax bill.

What qualifies?

The variety of allowances available mean that there is no 'general rule'. Assets must be for use in the business and meet the qualifying criteria of whichever allowance is being claimed.

Key things to consider

- Timing – there can be annual limits
- Business structure – some allowances are only available to companies
- 'Green' technology – some allowances benefit environmentally friendly assets

Types of capital allowance

- Annual Investment Allowance (100% up to a limit)
- First Year Allowance (100% for qualifying assets)
- Writing-Down Allowance (18% or 8% for qualifying assets)
- Enhanced Capital Allowances (100% on qualifying assets)
- Structures and Buildings Allowances (3% annually on qualifying costs)
- Super-deduction (130% on qualifying assets – from 1 April 2021)

Recommendations

- **Capex budgets** – planning the purchase of business assets, often years in advance, can help maximise your tax savings, as well as manage cash flow
- **Speak to a specialist** – ensuring your business maximises its' tax relief can require specialist knowledge. Discuss budgets with your advisor prior to making purchases.
- **Records** – ensure your business keeps detailed records of asset purchases so that your advisor can claim the right allowance

About Roake & Cook Limited

Roake & Cook Limited was founded to help business owners. With over 20 years experience of working with small and medium sized enterprises, we are able to offer advice and support to help your business thrive and grow.

Our services include:

- ✓ Bookkeeping and payroll
- ✓ R&D Tax Credits
- ✓ Cloud migration
- ✓ Accounts and Tax Returns
- ✓ Management reporting

How can we help your business?

Contact Roake & Cook Limited for a free consultation on whether your business can benefit from the services we offer.

Call us on 07944855189

Email us at admin@roakeandcook.co.uk

Visit us at roakeandcook.co.uk

