

TAX RELIEF on Office furniture for Businesses

GOV.UK

25%
TAX RELIEF

25% of any purchase of Sit-Stand desks or office chairs is effectively paid by the government, as companies are eligible for **130% Tax Relief** if purchased before April 2023.



This Factsheet explains how the UK Government “super-deduction” tax relief allows companies claim 130% super-deduction capital allowance on new office furniture and other plant and equipment investments.

Super-deduction tax relief includes office furniture, desks and chairs, allowing companies to save up to **24.7p in corporation tax for every £1 of investment in furniture** in the year of expenditure.



The super-deduction tax incentive presents a great opportunity for businesses to invest in employee productivity and wellness and encouraging workers back into the office!

EXAMPLE 1

Spend **£10,000** on qualifying products



Claim deduction of **£13,000** (130%) from profits



Save **£2470** in Corporation Tax (19% of profits)

IMPORTANT

For office furniture purchased **between 1st April 2021 and 31st March 2023**, limited companies can claim 130% super-deduction capital allowance, effectively **reducing their tax bill by 24.7%** of the amount they have invested in furniture.

CAUTION: contracts entered into **before 3rd March 2021 do not qualify**, even if the expenditure was incurred after 1st April 2021.

This improved tax break will shorten investment [payback](#) period of Sit-Stand solutions.





Budget 2021 – Super-deduction

- For expenditure incurred from 1 April 2021 until the end of March 2023, companies can claim 130% capital allowances on qualifying plant and machinery investments.
- Under the super-deduction, for every pound a company invests, their taxes are cut by up to 25p.
- This change makes the UK's capital allowance regime more internationally competitive, lifting the net present value of our plant and machinery allowances from 30th in the OECD to 1st.

The new Capital Allowances offer

As a result of measures announced at this Budget, businesses will now benefit from four significant capital allowance measures:

- The **super-deduction** – which offers 130% first-year relief on qualifying main rate plant and machinery investments until 31 March 2023 for companies
- The **50% first-year allowance (FYA) for special rate** (including long life) assets until 31 March 2023 for companies
- **Annual Investment Allowance (AIA)** providing 100% relief for plant and machinery investments up to its highest ever £1 million threshold, until 31 December 2021
- Within Freeport tax sites, companies can access new **Enhanced Capital Allowances (ECA+)** and companies, individuals and partnerships can benefit from an increased level of **Structures & Buildings Allowance (SBA+)** for investments until 30 September 2026

Why is the government introducing a super-deduction?

- Since the Covid-19 pandemic, existing low levels of business investment have fallen, with a reduction of 11.6% between Q3 2019 and Q3 2020.
- Much of the UK's productivity gap with competitors is attributable to our historically low levels of business investment compared to our peers. Weak business investment has played a significant role in the slowdown of productivity growth since 2008.
- Making capital allowances more generous works to stimulate business investment. As a result, these measures can promote economic growth and counter business cycles.
- The super-deduction will give companies a strong incentive to make additional investments, and to bring planned investments forward.
- A tax information and impact note for the policy, and draft legislation, is [published here](#).

What are capital allowances?

- Capital allowances let taxpayers write off the cost of certain capital assets against taxable income. They take the place of accounting depreciation, which is not normally tax-deductible. Businesses deduct capital allowances when computing their taxable profits.
- In translating its accounting profits into taxable profits, a business is usually required to 'add back' any depreciation, but can instead deduct capital allowances. For example, a corporation tax paying company with accounting profits of £1,000, depreciation expense of £200 and total capital allowance claims of £300 would make the following adjustment:
 - Add £200 (depreciation expense) to £1,000 (accounting profits) = £1,200
 - Deduct £300 (capital allowances) from £1,200 = £900 (taxable profits)
 - Apply the appropriate tax rate, e.g. corporation tax at 19%: £900 x 19% = £171 tax due
- The two main types of capital allowances are:
 - Writing Down Allowances (WDAs) for plant & machinery - covering most capital equipment used in a trade; and
 - Structures and Buildings Allowances (SBA) - covering the construction and renovation of non-residential structures and buildings.
- The 130% super-deduction and 50% first-year allowance are generous brand new capital allowances for investments in plant and machinery assets. Both will allow investing companies to lower their corporation tax bills.

What is plant and machinery?

Most tangible capital assets used in the course of a business are considered plant and machinery for the purposes of claiming capital allowances.

There is not an exhaustive list of plant and machinery assets. The kinds of assets which may qualify for either the super-deduction or the 50% FYA include, but are not limited to:

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

More detail on the eligibility of different types of investments for different types of capital allowances is set out in the table below.

	Plant & Machinery						Structures & buildings
	Bought new	Bought 2 nd -hand	Assets held for leasing	Main rate assets	Special rate assets	New disposal rules	
Super-deduction (130% FYA)	✓			✓		✓	N/A
Special Rate FYA (50% FYA)	✓				✓	✓	N/A
Annual Investment Allowance (100% up to £1m)	✓	✓	✓	✓	✓		N/A
Writing down allowances (18%)	✓	✓	✓	✓			N/A
Writing down allowances (6%)	✓	✓	✓		✓		N/A
Freeports (100% ECA, uncapped)	✓			✓	✓		N/A
Structures & Buildings Allowance (3% pa)	N/A						✓
Freeports (SBA 10% pa)	N/A						✓

Examples of the super-deduction in practice

Example one

- A company incurring £1m of qualifying expenditure decides to claim the super-deduction
- Spending £1m on qualifying investments will mean the company can deduct £1.3m (130% of the initial investment) in computing its taxable profits
- Deducting £1.3m from taxable profits will save the company up to 19% of that – or £247,000 – on its corporation tax bill.

Example two

Previous system	With super-deduction
<ul style="list-style-type: none"> • A company spends £10m on qualifying assets • Deducts £1m using the AIA in year 1, leaving £9m • Deducts £1.62m using WDAs at 18% • Deductions total £2.62m – and a tax saving of 19% x £2.62m = £497,800 	<ul style="list-style-type: none"> • The same company spends £10m on qualifying assets • Deducts £13m using the super-deduction in year 1 • Receives a tax saving of 19% x £13m = £2.47m

Eligibility criteria are outlined in the published tax information and impacts note, [found here](#). Full technical guidance will be published in due course.