

You can claim the AIA against qualifying assets placed on Hire Purchase (HP) – just as if you had paid cash.

Therefore, in addition to the cash flow benefits of spreading the cost of investment, potentially your business could gain up to £200,000 in tax relief after only having paid the deposit. Also the interest charged on Hire Purchase agreements is 100% tax deductible too.

#### Who can claim?

Nearly all businesses can claim, regardless of their size. The only exception of a business structure that cannot claim is those with a mixed partnership (e.g. a partnership comprised of individuals and a company) and Trusts.

#### What can you claim AIA on?

Most assets claimed for business use qualify including; excavators, telehandlers, tractors, combines, sprayers and commercial vehicles. Cars cannot be claimed under this scheme.



### Hire Purchase and Leasing Solutions – Construction, Agriculture and Industry

JCB Finance Ltd offer UK businesses flexible Hire Purchase and Leasing options across the entire JCB range and other new (non-competitive) machinery, vehicles and a wide range of used plant and machinery.

Asset finance enables customers to secure the equipment they need while protecting working capital, spreading the cost of investment. Choosing JCB Finance for asset finance also opens up additional credit lines that maybe independent from bank credit lines and is less likely to require additional security (other than the asset itself) compared to that typically required with a bank loan.

For more information on JCB Finance Ltd and current offers available visit [www.jcb-finance.co.uk](http://www.jcb-finance.co.uk)



JCB Finance Ltd registered in England No. 972265 is authorised and regulated by the Financial Conduct Authority.

JCB Finance Limited, The Mill, High Street,  
Rochester, Staffordshire ST14 5JW. Tel: 0800 150 650

[www.jcb-finance.co.uk](http://www.jcb-finance.co.uk)

# Maximise Your Tax Relief.

£200,000 Tax Relief on Plant and Machinery – Timing can make all the difference.

A brief guide on Annual Investment Allowance tax relief available on purchases of plant, machinery and commercial vehicles including those purchased using Hire Purchase agreements.



## JCB Finance highlights the impact of timing when it comes to your plant purchases and maximising on tax saving opportunities.

### After a period of uncertainty the Annual Investment Allowance settles at £200,000 from 1st January 2016, allowing for careful planning.

The Annual Investment Allowance (AIA) is a type of capital tax allowance that offers 100% tax relief on qualifying capital expenditure in the year of purchase. This enables businesses to effectively save £1 in taxable profits for every £1 spent. The allowance is set to remain at £200,000 for the rest of this parliament.

### How does the AIA work?

From 1st January 2016 the first £200,000 of expenditure on business assets (e.g. plant and commercial vehicles) per year is 100% allowable against taxable profits of a business, deductible in the year that you buy them. This accelerates the tax relief rather than the tapered writing down allowances (WDA) normally applied over several years.

### What difference will timing make?

Different financial years that straddle either the tax year or calendar year end may result in complicated calculations that could result in a lesser AIA being granted in that financial year. The chart below illustrates the maximum amounts available by showing four different financial year end companies and how vital it is to spend the right amount within the right periods in order to maximise the tax benefits. Hence proper advice is needed as the implications vary from business to business.

Given the lead times for some machinery, from order to delivery, this also needs to be carefully factored in to your buying plans. Get the timing and /or the amounts wrong and your business could either miss out on available tax relief or worst still, end up paying far more tax than is required.

Other factors being equal, if your business is contemplating purchasing eligible plant or commercial vehicles in the near future, there are some strong tax-based and cash flow arguments to carefully plan the timing of your purchases so that you maximise on any available tax relief.

JCB Finance provides asset finance including Hire Purchase facilities for UK businesses but is not a tax or financial advisor – always seek advice from your accountant or tax advisor because every business' circumstances are different.

# £200,000 Annual Investment Allowance



Amounts and dates for expenditure in order to maximise the potential tax benefit according to a business' financial year end

