

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

31 August 2021

SUPER-DEDUCTION ALLOWANCE

Dear Chancellor,

We are writing to express concern that the eligibility criteria for the super-deduction allowance (SDA) have not been extended to include leasing and short-term hire. These are two of the most common ways that businesses acquire new plant and machinery.

In 2019, £904m of leasing new business was written for plant and machinery assets. None of this investment by businesses would have benefitted from the deduction had the policy been in place at the time. Additionally, in the construction industry, plant and machinery are often highly specialised and hired-in on a project-by-project basis. Up to 70% of construction plant is used in this way. For commercial vehicles, 1-in-5 trucks and 1-in-6 vans on the road are leased or rented.

The SDA and a revised capital allowances regime have the potential to unlock billions of pounds of future investment on a sustainable basis for growth were they to include investment in plant and machinery acquired via leasing or short-term hire. We note that the decision to limit access to the scheme may have been based on an historic understanding of how the leasing market functions.

We would like to invite you and your officials to an informal roundtable discussion in September to explore how the essential role leasing and short-term hire play in enabling business investment in equipment. We are happy to facilitate the roundtable and arrange for a cross-section of industry bodies to be present, including representatives of small businesses, accountancy and tax, logistics, construction and manufacturing sectors.

We hope that you will accept our invitation and we look forward to hearing from you.

Yours sincerely,



Stephen Haddrill
Director General,
Finance & Leasing
Association



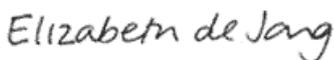
Gerry Keane
Chief Executive
BVRLA



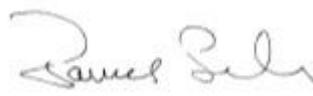
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MTA



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