

Capitalised Expenses

VS.

Revenue Expenditure

These expenses are then depreciated over the useful life of the asset.

These expenses are added to the balance sheet, rather than the profit and loss.



Capitalised Expenses

The 'super-deduction' was announced in the 2021-22 budget.

A new 130% first-year capital allowance for qualifying plant and machinery assets can be claimed. A 50% first-year allowance for qualifying special rate assets can also be claimed.

Capital allowances can be claimed on many capitalised transactions.

They are usually for plant and machinery such as computers, phones, office equipment. A good rule of thumb is to consider capitalising the expense only if it is over £100



Revenue Expenditure

These are short term expenses that are typically to be used or the benefits received within 1 year of purchase.

They are the running costs of the business and therefore the vast majority of expenses for most businesses will be revenue expenditure.

