

# **FINANCE ACT 2010**

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## **EXPLANATORY NOTES**

### **INTRODUCTION**

#### ***Section 26 Schedule 4: Capital Allowance Buying***

##### **Details of the Schedule**

##### **Unallowable purpose**

43. New section 212M sets out the unallowable purpose rule and defines the expressions used.
44. Subsection (1) gives the rule. The qualifying change has an unallowable purpose if the main purpose or one of the main purposes of the “change arrangements” is to “obtain a relevant tax advantage” for that person or any other person.
45. Subsection (2) explains what is meant by the phrase “change arrangements”. It includes any arrangements connected with or made to bring about the qualifying change.
46. Subsection (3) explains what is meant by “obtain a relevant tax advantage” in the context of a claim to allowances on unrelieved qualifying expenditure or making a claim under section 131 of CAA in respect of postponed allowances. It means a person becomes entitled to a reduction in profits or an increase in losses for tax purposes in consequence of the claim to allowances. The person becoming entitled to the reduction in profits is not limited to the person making the claim to allowances.