



Capital Allowances Act 2001

2001 CHAPTER 2

PART 12

SUPPLEMENTARY PROVISIONS

CHAPTER 4

PARTNERSHIPS, SUCCESSIONS AND TRANSFERS

557 Application of sections 558 and 559

Sections 558 (effect of partnership changes) and 559 (effect of successions) apply for the purposes of this Act other than—

- (a) Part 2 (plant and machinery allowances),
- (b) Part 6 (research and development allowances), and
- (c) Part 10 (assured tenancy allowances).

558 Effect of partnership changes

(1) This section applies if—

- (a) a relevant activity has been set up and is at any time carried on in partnership,
- (b) there has been a change in the persons engaged in carrying on the relevant activity, and
- ^[F1](c) the change does not result in the relevant activity being treated as permanently discontinued under section 113(1) or 337(1) of ICTA (changes in persons carrying on a trade etc. and effect of company ceasing to trade etc.).]

(2) In this section—

“the present partners” means the person or persons for the time being carrying on the relevant activity, and

“predecessors”, in relation to the present partners, means their predecessors in carrying on the relevant activity.

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Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

- (3) Any allowance or charge is to be made to or on the present partners.
- (4) The amount of any allowance or charge arising under subsection (3) is to be calculated as if—
 - (a) the present partners had at all times been carrying on the relevant activity, and
 - (b) everything done to or by their predecessors in carrying on the relevant activity had been done to or by the present partners.
- (5) In this section “relevant activity” means a trade, property business, profession or vocation.

Textual Amendments

- F1** S. 558(1)(c) substituted (with effect as mentioned in s. 69(2) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 69\(1\), Sch. 21 para. 4\(2\)](#)

559 Effect of successions

- (1) This section applies if—
 - (a) a person (“the successor”) succeeds to a relevant activity which until that time was carried on by another person (“the predecessor”), and
 - (b) the relevant activity is treated as discontinued under section 113(1) or 337(1) of ICTA (change in persons carrying on a trade etc. and effect of company ceasing to trade etc.).
- (2) The property in question is to be treated as if—
 - (a) it had been sold to the successor when the succession takes place, and
 - (b) the net proceeds of the sale were the market value of the property.
- (3) The property in question is any property which—
 - (a) immediately before the succession, was in use for the purposes of the discontinued relevant activity, and
 - (b) immediately after the succession, and without being sold, is in use for the purposes of the new relevant activity.
- (4) No entitlement to an initial allowance arises under this section.
- (5) In this section “relevant activity” means a trade, property business, profession or vocation.

560 Transfer of insurance company business

- (1) This section applies if—
 - (a) assets are transferred as part of, or in connection with, the transfer of the whole or part of the business of an insurance company to another company,
 - (b) the transfer is—
 - (i) in accordance with [^{F2}an insurance business transfer scheme to transfer business which consists of the effecting or carrying out of contracts of long-term insurance, or]
 - (ii) a qualifying overseas transfer within the meaning of paragraph 4A of Schedule 19AC to ICTA (overseas life insurance companies).

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- (2) But this section does not apply in relation to any asset transferred to a non-resident company unless the asset will fall to be treated, immediately after the transfer, as an asset which is held for the purposes of the whole or a part of so much of any business carried on by the non-resident company as is carried on through a [^{F3}permanent establishment] in the United Kingdom.
- (3) This section also does not apply if section 561 applies (transfer of a UK trade to a company in another member State).
- (4) If this section applies—
- (a) any allowances and charges that would have been made to or on the transferor are to be made instead to or on the transferee, and
 - (b) the amount of any such allowance or charge is to be calculated as if everything done to or by the transferor had been done to or by the transferee,
- but no sale or transfer of assets made to the transferee by the transferor is to be treated as giving rise to any such allowance or charge.
- (5) In this section—
- (a) “insurance company” has the same meaning as in Chapter I of Part XII of ICTA, ^{F4} ...
 - [^{F5}(b) “insurance business transfer scheme” means a scheme falling within section 105 of the Financial Services and Markets Act 2000 (c. 8), including an excluded scheme falling within Case 2, 3 or 4 of subsection (3) of that section,
 - (c) “contracts of long-term insurance” means contracts which fall within Part II of Schedule 1 to the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (S.I. 2001/544), and
 - (d) “non-resident company” means a company resident outside the United Kingdom.]

Textual Amendments

- F2** Words in s. 560(1)(b)(i) substituted (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 108\(2\)\(4\)](#)
- F3** Words in s. 560(2) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [s. 153\(1\)\(d\)](#)
- F4** Word in s. 560(5)(a) repealed (1.12.2001) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 108\(3\)\(a\)\(4\)](#)
- F5** S. 560(5)(b)-(d) substituted (1.12.2001) for s. 560(5)(b) by [The Financial Services and Markets Act 2000 \(Consequential Amendments\) \(Taxes\) Order 2001 \(S.I. 2001/3629\)](#), [art. 108\(3\)\(b\)\(4\)](#)

Modifications etc. (not altering text)

- C1** S. 560 modified (1.1.2002) by [S.I. 1997/473](#), [reg. 53D](#) (as inserted by [S.I. 2001/3975](#), [reg. 8](#))

561 Transfer of a UK trade to a company in another member State

- (1) This section applies if—
- (a) a qualifying company resident in one member State (“company A”) transfers the whole or a part of a trade carried on by it in the United Kingdom to a qualifying company resident in another member State (“company B”),

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- (b) section 140A of TCGA 1992 (transfer of assets treated as no-gain no-loss disposal etc.) applies in relation to the transfer, and
 - (c) immediately after the transfer company B—
 - (i) is resident in the United Kingdom, or
 - (ii) carries on in the United Kingdom through a [^{F6}permanent establishment] a trade which consists of, or includes, the trade or the part of the trade transferred.
- (2) If this section applies—
- (a) the transfer itself does not give rise to any allowances or charges under this Act, and
 - (b) in relation to assets included in the transfer, anything done to or by company A before the transfer is to be treated after the transfer as having been done to or by company B.
- (3) If, for the purposes of subsection (2)(b), expenditure falls to be apportioned between assets included in the transfer and other assets, the apportionment is to be made in a just and reasonable manner.
- (4) In this section “qualifying company” means a body incorporated under the law of a member State.
- (5) If this section applies, section 343(2) of ICTA does not apply (effect of company reconstruction without change of ownership).

Textual Amendments

- F6** Words in s. 561(1)(c) substituted (with effect in accordance with s. 153(4) of the amending Act) by [Finance Act 2003 \(c. 14\), s. 153\(1\)\(d\)](#)

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