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SCHEDULES

[^{F1}SCHEDULE A1

Section 262A

FIRST-YEAR TAX CREDITS

Textual Amendments

- F1** Sch. A1 inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 25 para. 5](#)

PART 1

ENTITLEMENT TO FIRST-YEAR TAX CREDITS

Entitlement to first-year tax credits

- 1 (1) A company may claim a first-year tax credit for a chargeable period in which it has a surrenderable loss, unless it is an excluded company in relation to that chargeable period.
- (2) A company has a surrenderable loss in a chargeable period if in that chargeable period—
- (a) a first-year allowance is made to the company in respect of relevant first-year expenditure (see paragraph 3) incurred for the purposes of a qualifying activity the profits of which are chargeable to corporation tax, and
 - (b) the company incurs a loss in carrying on that qualifying activity (see paragraphs 4 to 9).
- (3) The amount of the surrenderable loss is equal to—
- (a) so much of the loss incurred in carrying on the qualifying activity as is unrelieved (see paragraphs 10 to 16), or
 - (b) if less, the amount of the first-year allowance made in respect of the relevant first-year expenditure in the chargeable period in question.
- (4) A company is an excluded company in relation to a chargeable period if at any time during that period it is entitled to make a claim under—
- (a) section 488 of ICTA (rent etc of co-operative housing associations disregarded for tax purposes),
 - (b) section 489 of that Act (rent etc of self-build societies disregarded for tax purposes),
 - (c) section 505 of that Act (exemption from tax for charitable companies), or
 - (d) section 508 of that Act (exemption from tax for scientific research organisations).

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Amount of first-year tax credit

- 2 (1) The amount of the first-year tax credit to which a company is entitled for a chargeable period in which it has a surrenderable loss is an amount equal to—
- (a) 19% of the amount of the surrenderable loss for the chargeable period, or
 - (b) if the amount mentioned in paragraph (a) exceeds the upper limit, the upper limit.
- (2) The upper limit is the greater of—
- (a) the total amount of the company's PAYE and NICs liabilities for payment periods ending in the chargeable period (see paragraph 17), and
 - (b) £250,000.
- (3) A company which is entitled to an amount of first-year tax credit may claim the whole amount or part only of the amount.
- (4) The Treasury may by order substitute for the percentage for the time being specified in sub-paragraph (1)(a) such other percentage as it thinks fit.
- (5) An order under sub-paragraph (4) may make such incidental, supplemental, consequential and transitional provision as the Treasury thinks fit.

Meaning of “relevant first-year expenditure”

- 3 (1) In this Schedule “relevant first-year expenditure” means expenditure which—
- (a) is first-year qualifying expenditure by virtue of section 45A (energy-saving plant or machinery) or section 45H (environmentally beneficial plant or machinery), and
 - (b) is incurred in the period beginning with 1 April 2008 and ending with 31 March 2013,
- but does not include expenditure which is treated as first-year qualifying expenditure within paragraph (a) by virtue of section 236 (additional VAT liability treated as expenditure).
- (2) In determining whether expenditure is relevant first-year expenditure, any effect of section 12 on the time at which it is to be treated as incurred is to be disregarded.
- (3) The Treasury may by order substitute, for the date for the time being specified in sub-paragraph (1)(b) as the date with which the period ends, such later date as it thinks fit.
- (4) An order under sub-paragraph (3) may make such incidental, supplemental, consequential and transitional provision as the Treasury thinks fit.

Incurring a loss in carrying on a qualifying activity

- 4 Paragraphs 5 to 9 apply for the interpretation of paragraph 1(2)(b).
- 5 (1) This paragraph applies where the qualifying activity is a Schedule A business other than a furnished holiday lettings business and paragraph 7 does not apply.
- (2) References in this Schedule to a loss incurred in carrying on the qualifying activity are to a loss incurred in carrying on that part of the business (if any) to which section 392A of ICTA (Schedule A losses) applies.
- 6 (1) This paragraph applies where the qualifying activity is an overseas property business and paragraph 7 does not apply.

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- (2) References in this Schedule to a loss incurred in carrying on the qualifying activity are to a loss incurred in carrying on that part of the business (if any) to which section 392B of ICTA (losses from overseas property business) applies.
- 7 (1) This paragraph applies where—
- (a) the qualifying activity is a Schedule A business or an overseas property business, and
 - (b) the company is an insurance company.
- (2) References in this Schedule to a loss incurred in carrying on the qualifying activity are to a loss which is treated under section 432AB(3) of ICTA, for the purposes of section 76 of that Act, as expenses payable which fall to be brought into account at Step 3 of subsection (7) of that section.
- (3) Where the insurance company is treated under section 432AA of that Act as carrying on more than one Schedule A business or overseas property business, references in this Schedule to a loss incurred in carrying on the qualifying activity are to be construed in accordance with section 432AB(4) of that Act (aggregation of losses).
- 8 (1) This paragraph applies where the qualifying activity is managing the investments of a company with investment business.
- (2) The company incurs a loss in carrying on that activity in a chargeable period if in that chargeable period—
- (a) the sum of the expenses and charges mentioned in section 75(8)(a) and (b) of ICTA, exceeds
 - (b) the amount of the profits from which those expenses and charges are deductible,
- and the amount of the loss is the amount of the excess.
- 9 (1) This paragraph applies where the qualifying activity is life assurance business and the profits of that business are charged to tax under the I minus E basis.
- (2) The company incurs a loss in a chargeable period if in that chargeable period an amount falls to be carried forward to a succeeding chargeable period under section 76(12) of ICTA (carrying forward unrelieved expenses).
- (3) The amount of the loss is the amount which falls to be so carried forward.

Unrelieved loss

- 10 Paragraphs 11 to 16 apply for the interpretation of paragraph 1(3)(a).
- 11 (1) This paragraph applies where the qualifying activity is a trade or a furnished holiday lettings business and paragraph 14 or 16 does not apply.
- (2) The amount of the loss that is unrelieved is the amount of the loss, reduced by the amount of—
- (a) any relief that was or could have been obtained by the company making a claim under section 393A(1)(a) of ICTA to set the loss against profits of whatever description of the same chargeable period,
 - (b) any other relief obtained by the company making a claim under section 393A(1)(b) or 393B(3) of that Act (losses set against profits of an earlier chargeable period),

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- (c) any loss that was or could have been surrendered under section 403(1) of that Act (surrender of relief to group or consortium members),
 - (d) any loss surrendered under a relevant tax credit provision, and
 - (e) any amount set off against the loss under section 400 of that Act (write-off of government investment).
- (3) For this purpose no account is to be taken of any losses—
- (a) brought forward from an earlier chargeable period under section 393(1) of ICTA,
 - (b) carried back from a later chargeable period under section 393A(1)(b) or 393B(3) of that Act, or
 - (c) incurred on a leasing contract (within the meaning of section 395 of that Act) in circumstances to which that section applies.
- (4) In sub-paragraph (2)(d) “relevant tax credit provision” means—
- (a) Part 2 of Schedule 20 to FA 2000 (tax credits for expenditure on research and development),
 - (b) Part 3 of Schedule 22 to FA 2001 (tax credits for remediation of contaminated land),
 - (c) Part 2 of Schedule 13 to FA 2002 (tax credits for expenditure on vaccine research), and
 - (d) Part 1 of Schedule 5 to FA 2006 (film tax credits).
- 12 (1) This paragraph applies where the qualifying activity is a Schedule A business other than a furnished holiday lettings business and paragraph 14 does not apply.
- (2) The amount of the loss that is unrelieved is the amount of the loss, reduced by the amount of—
- (a) any relief that was or could have been obtained by the company making a claim under section 392A(1) of ICTA to set the loss against profits of whatever description of the same chargeable period,
 - (b) any loss that was or could have been surrendered under section 403(1) of that Act (surrender of relief to group or consortium members),
 - (c) any loss surrendered under Part 3 of Schedule 22 to FA 2001 (tax credits for remediation of contaminated land), and
 - (d) any amount set off against the loss under section 400 of ICTA (write-off of government investment).
- (3) For this purpose, no account is to be taken of any losses brought forward from an earlier chargeable period under section 392A(2) of ICTA.
- 13 (1) This paragraph applies where the qualifying activity is an overseas property business and paragraph 14 does not apply.
- (2) The amount of the loss that is unrelieved is the amount of the loss, reduced by any amount set off against the loss under section 400 of ICTA (write-off of government investment).
- (3) For this purpose, no account is to be taken of any losses brought forward from an earlier chargeable period under section 392B(1) of ICTA.
- 14 (1) This paragraph applies where—
- (a) the qualifying activity is a Schedule A business or an overseas property business, and

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- (b) the company is an insurance company.
- (2) If no amount falls to be carried forward to a succeeding chargeable period under section 76(12) of ICTA (carrying forward unrelieved expenses), no amount of the loss is unrelieved.
- (3) If an amount falls to be carried forward to a succeeding chargeable period under section 76(12) of that Act, the amount of the loss that is unrelieved is equal to the lesser of—
 - (a) the amount of the loss (see paragraph 7), reduced by any amount within sub-paragraph (4), and
 - (b) the total amount which so falls to be carried forward.
- (4) The amounts mentioned in sub-paragraph (3)(a) are—
 - (a) the amount of any loss surrendered under Part 3 of Schedule 22 to FA 2001 (tax credits for remediation of contaminated land), and
 - (b) any amount set off against the loss under section 400 of ICTA (write-off of government investment).
- (5) Sub-paragraph (6) applies for determining whether there is an amount which falls to be carried forward under section 76(12) of ICTA.
- (6) Disregard any amounts brought forward from an earlier chargeable period and treated for the purposes of section 76 of that Act as expenses payable which fall to be brought into account—
 - (a) in accordance with Step 7 in subsection (7) of that section, by virtue of a previous application of subsection (12) or (13) of that section, or
 - (b) in accordance with Step 3 in subsection (7) of that section, by virtue of paragraph 4(4) of Schedule 11 to FA 1996 (loan relationships deficit carried forward and so brought into account).
- 15 (1) This paragraph applies where the qualifying activity is managing the investments of a company with investment business.
- (2) The amount of the loss that is unrelieved is the amount of the loss (see paragraph 8), reduced by the amount of—
 - (a) any loss that was or could have been surrendered under section 403(1) of ICTA (surrender of relief to group or consortium members), and
 - (b) any amount set off against the loss under section 400 of that Act (write-off of government investment).
- (3) For this purpose, no account is to be taken of any amount brought forward from an earlier chargeable period under section 75(9) of that Act.
- 16 (1) This paragraph applies where the qualifying activity is life assurance business and the profits of that business are charged to tax under the I minus E basis.
- (2) The amount of the unrelieved loss is the amount of the loss (see paragraph 9), reduced by—
 - (a) any loss surrendered under Part 4 of Schedule 22 to FA 2001 (tax credits for remediation of contaminated land), and
 - (b) any amount set off against the loss under section 400 of ICTA (write-off of government investment).

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- (3) For this purpose, no account is to be taken of any amounts brought forward from an earlier chargeable period and treated for the purposes of section 76 of ICTA as expenses payable which fall to be brought into account for the period in question—
- (a) in accordance with Step 7 in subsection (7) of that section, by virtue of a previous application of subsection (12) or (13) of that section, or
 - (b) in accordance with Step 3 in subsection (7) of that section, by virtue of paragraph 4(4) of Schedule 11 to FA 1996 (loan relationships deficit carried forward and so brought into account).

Total amount of company's PAYE and NICs liabilities

- 17 (1) For the purposes of paragraph 2(2)(a) the total amount of the company's PAYE and NICs liabilities for a payment period is the total of—
- (a) the amount of income tax for which the company is required to account to HMRC for that period under the PAYE regulations, disregarding any deduction the company is authorised to make in respect of child tax credit or working tax credit, and
 - (b) the Class 1 national insurance contributions for which the company is required to account to HMRC for that period, disregarding any deduction the company is authorised to make in respect of payments of statutory sick pay, statutory maternity pay, child tax credit or working tax credit.
- (2) A “payment period” means a period which ends on the 5th day of a month and for which the company is liable to account for income tax and national insurance contributions to HMRC.

PART 2

GIVING EFFECT TO FIRST-YEAR TAX CREDITS

Payment in respect of first-year tax credit

- 18 (1) Where a company is entitled to a first-year tax credit for a chargeable period and makes a claim for payment of the credit, HMRC must pay to the company the amount of the credit.
- (2) An amount payable in respect of—
- (a) a first-year tax credit, or
 - (b) interest on a first-year tax credit under section 826 of ICTA,
- may be applied in discharging any liability of the company's to pay corporation tax.
- (3) To the extent that it is so applied, HMRC's obligation under sub-paragraph (1) is discharged.
- (4) Where HMRC enquires into the company's company tax return for the chargeable period, no payment in respect of a first-year tax credit for that chargeable period need be made before HMRC's enquiries are completed (see paragraph 32 of Schedule 18 to FA 1998).
- (5) In those circumstances HMRC may make a payment on a provisional basis of such amount as it thinks fit.

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- (6) No payment need be made in respect of a first-year tax credit for a chargeable period before the company has paid to HMRC any amount that it is required to pay for payment periods (within the meaning of paragraph 17(2)) ending in that chargeable period—
- (a) under the PAYE regulations, or
 - (b) in respect of Class 1 national insurance contributions.

Restriction on losses carried forward

- 19 (1) For the purposes of the relieving provisions (see paragraph 20), the company's loss from the qualifying activity for a chargeable period in which it claims a first-year tax credit is treated as reduced by the amount of the loss surrendered.
- (2) For the purposes of this Schedule, the amount of the loss surrendered is—
- (a) where the amount of first-year tax credit mentioned in paragraph 2(1)(a) is claimed, the whole of the surrenderable loss for that period, and
 - (b) where less than that amount is claimed, a corresponding proportion of the surrenderable loss for that period.
- 20 The relieving provisions are—
- (a) where the qualifying activity is a trade or a furnished holiday lettings business and paragraph 21 or 22 does not apply, section 393 of ICTA (relief of trading losses against future profits),
 - (b) where the qualifying activity is managing the investments of a company with investment business, section 75(9) of that Act (relief of expenses and charges against future profits),
 - (c) where the qualifying activity is a Schedule A business (other than a furnished holiday lettings business) and paragraph 21 does not apply, section 392A(2) of that Act (relief of Schedule A losses against future profits), and
 - (d) where the qualifying activity is an overseas property business and paragraph 21 does not apply, section 392B of that Act (relief of overseas property losses against future profits).
- 21 (1) This paragraph applies if the qualifying activity is a Schedule A business or an overseas property business, and in a chargeable period—
- (a) the company's loss in carrying on that activity is a loss treated under section 432AB(3) of ICTA, for the purposes of section 76 of that Act, as expenses payable which fall to be brought into account at Step 3 in subsection (7) of that section,
 - (b) an amount falls to be carried forward to a succeeding chargeable period under section 76(12) of that Act (carrying forward unrelieved expenses on income), and
 - (c) the company claims a first-year tax credit for the chargeable period.
- (2) The total amount which falls to be carried forward to a succeeding chargeable period under section 76(12) of ICTA is treated as reduced by the amount of the loss surrendered.
- 22 (1) This paragraph applies where the qualifying activity is life assurance business and the profits of that business are charged to tax under the I minus E basis.
- (2) For the purposes of section 76 of ICTA, the total amount which may—

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- (a) be carried forward under subsection (12) of that section from a chargeable period in which the company claims a first-year tax credit, and
 - (b) be brought into account for the next chargeable period in accordance with Step 7 in subsection (7) of that section,
- is treated as reduced by the amount of the loss surrendered.

Payment in respect of first-year tax credit not income

- 23 A payment in respect of a first-year tax credit is not income of the company for any tax purposes.

PART 3

CLAWBACK OF FIRST-YEAR TAX CREDIT

Circumstances in which first-year tax credit clawed back

- 24 (1) This paragraph applies where—
- (a) a company to which a first-year tax credit is paid for a chargeable period disposes of an item of tax-relieved plant or machinery before the end of the clawback period in relation to that item, and
 - (b) after the disposal the amount (or the aggregate of the amounts) of the original expenditure on the retained tax-relieved plant and machinery is less than the amount of loss surrendered under this Schedule in the chargeable period for which the first-year tax credit was paid.
- (2) The appropriate part (“the restored loss”) of the loss surrendered under this Schedule in that chargeable period is to be treated as if it were not a surrenderable loss in that chargeable period.
- (3) The amount of the restored loss is to be calculated in accordance with paragraph 26.
- (4) The amount of first-year tax credit paid to the company in respect of the restored loss is to be treated as if it ought never to have been paid.
- (5) The amount of first-year tax credit paid to the company in respect of the restored loss is the relevant percentage of the restored loss.
- (6) “Relevant percentage” means the percentage specified in paragraph 2(1)(a) for the chargeable period for which the first-year tax credit is paid.
- (7) This Part of this Schedule applies to an amount of first-year tax credit which is payable for a chargeable period but not yet paid, as it applies to an amount of first-year tax credit which is paid.

Interpretation

- 25 (1) This paragraph applies for the interpretation of this Part of this Schedule.
- (2) References to a first-year tax credit being paid include the case where an amount payable in respect of first-year tax credit is applied in discharging any liability of the company's to pay corporation tax.

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- (3) An item of plant or machinery is tax-relieved if any expenditure on the item was relevant first-year expenditure in respect of which a first-year allowance was made for the chargeable period for which the first-year tax credit was paid.
- (4) The original expenditure on the item is the amount of the relevant first-year expenditure on the item.
- (5) A company disposes of an item of tax-relieved plant or machinery if—
 - (a) an event listed in section 61(1) occurs in relation to the item, or
 - (b) there is a change in the ownership of the item in relation to which a continuity of business provision applies.
- (6) The disposal value of the item is the disposal value required to be brought into account by the company in respect of the item.
- (7) But where—
 - (a) the company disposes of the item to a person connected with the company for less than its market value, or
 - (b) there is a change in the ownership of the item in relation to which a continuity of business provision applies,the disposal value of the item is its market value (whether or not the company is required to bring that value into account).
- (8) A “continuity of business provision” is an enactment under which anything done to or by the company which ceases to be the owner of the item is treated, for the purpose of making allowances and charges under this Act, as having been done to or by the person who becomes the owner of the item.
- (9) The retained tax-relieved plant and machinery is the tax-relieved plant and machinery which the company has not disposed of.
- (10) The clawback period, in relation to an item of tax-relieved plant and machinery—
 - (a) begins when the relevant first-year expenditure on the item is incurred, and
 - (b) ends 4 years after the end of the chargeable period for which the tax credit was paid.

Amount of restored loss

- 26 (1) The amount of the restored loss is—

$(LSOERP)(OEDV)ARL$

but where the amount given by that formula is less than nil, the amount of the restored loss is nil.

- (2) In sub-paragraph (1)—

LS is the amount of loss surrendered under this Schedule in the chargeable period for which the first-year tax credit was paid,

OERP is the amount (or the aggregate of the amounts) of the original expenditure on the retained tax-relieved plant and machinery after the item is disposed of,

OE is the aggregate of the amount of the original expenditure on the item disposed of, and the amounts of the original expenditure on any items of tax-relieved plant and machinery which the company has previously disposed of,

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DV is the aggregate of the disposal value of the item disposed of, and the disposal values of any items of tax-relieved plant and machinery which the company has previously disposed of, and

ARL is the amount of the restored loss (or the aggregate of the amounts of the restored loss) on any previous application of this paragraph.

Clawback of first-year tax credits: administrative provision

- 27 (1) Where paragraph 24 applies, all such assessments and adjustments of assessments are to be made as are necessary.
- (2) If a company which has made a tax return becomes aware that, as a result of that paragraph applying after the return was made, the return has become incorrect, it must give notice to HMRC specifying how the return needs to be amended.
- (3) The notice must be given within 3 months beginning with the day on which the company became aware that anything in the tax return had become incorrect because of paragraph 24.

PART 4

SUPPLEMENTARY

Artificially inflated claims

- 28 (1) To the extent that a transaction is attributable to arrangements entered into wholly or mainly for a disqualifying purpose, it shall be disregarded in determining for a chargeable period the amount of any first-year tax credit to which a company is entitled under this Schedule.
- (2) Arrangements are entered into wholly or mainly for a disqualifying purpose if their main object, or one of their main objects, is to enable a company to obtain a first-year tax credit—
- (a) to which it would not otherwise be entitled, or
- (b) of a greater amount than that to which it would otherwise be entitled.
- (3) “Arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.

Interpretation

- 29 In this Schedule—
- “HMRC” means the Commissioners for Her Majesty's Revenue and Customs;
- “national insurance contributions” means contributions under Part 1 of the Social Security Contributions and Benefits Act 1992 or Part 1 of the Social Security Contributions and Benefits (Northern Ireland) Act 1992.]

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SCHEDULE 1

Section 577

ABBREVIATIONS AND DEFINED EXPRESSIONS

PART 1

ABBREVIATIONS

FA 1937	The Finance Act 1937 (c. 54)
FA 1941	The Finance Act 1941 (c. 30)
FA 1956	The Finance Act 1956 (c. 54)
FA 1965	The Finance Act 1965 (c. 25)
CAA 1968	The Capital Allowances Act 1968 (c. 3)
TMA 1970	The Taxes Management Act 1970 (c. 9)
FA 1971	The Finance Act 1971 (c. 68)
OTA 1975	The Oil Taxation Act 1975 (c. 22)
FA 1976	The Finance Act 1976 (c. 40)
FA 1982	The Finance Act 1982 (c. 39)
FA 1983	The Finance Act 1983 (c. 28)
FA 1986	The Finance Act 1986 (c. 41)
ICTA	The Income and Corporation Taxes Act 1988 (c. 1)
FA 1989	The Finance Act 1989 (c. 26)
CAA 1990	The Capital Allowances Act 1990 (c. 1)
TCGA 1992	The Taxation of Chargeable Gains Act 1992 (c. 12)
F(No.2)A 1992	The Finance (No. 2) Act 1992 (c. 48)
VATA 1994	The Value Added Tax Act 1994 (c. 23)
FA 1995	The Finance Act 1995 (c. 4)
FA 1997	The Finance Act 1997 (c. 16)
FA 1998	The Finance Act 1998 (c. 36)
[^{F2} FA 2000	The Finance Act 2000 (c. 17)]
[^{F2} FA 2001	The Finance Act 2001 (c. 9)]
[^{F2} FA 2002	The Finance Act 2002 (c. 23)]
[^{F3} ITEPA 2003	The Income Tax (Earnings and Pensions) Act 2003]
[^{F4} ITTOIA 2005	The Income Tax (Trading and Other Income) Act 2005]

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[^{F5} FA 2004	The Finance Act 2004 (c. 12)]
[^{F6} FA 2006	The Finance Act 2006 (c. 25)]
[^{F7} ITA 2007	The Income Tax Act 2007.]

Textual Amendments

- F2** Words in Sch. 1 Pt. 1 inserted (with effect in accordance with Sch. 25 para. 9 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 25 para. 6**
- F3** Words in Sch. 1 Pt. 1 inserted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 6 para. 255** (with Sch. 7)
- F4** Words in Sch. 1 Pt. 1 inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 574(2)** (with Sch. 2)
- F5** Words in Sch. 1 Pt. 1 inserted (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), s. 284(1), **Sch. 35 para. 49** (with Sch. 36)
- F6** Words in Sch. 1 Pt. 1 inserted (with effect in accordance with s. 84(5)(6) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **s. 84(4)**
- F7** Words in Sch. 1 Pt. 1 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 1 para. 413(2)** (with Sch. 2)

PART 2

DEFINED EXPRESSIONS

accounting period	section 12 of ICTA
additional VAT liability	section 547(1)
additional VAT rebate	section 547(2)
F8	F8
...	...
adjusted net cost (in Chapter 6 of Part 10)	section 522
F8	F8
...	...
[^{F9} AIA qualifying expenditure	section 38A]
approved body (in Part 10)	section 492
assured tenancy	section 490(3)
available qualifying expenditure (in Part 2)	section 57
available qualifying expenditure (in Part 7)	section 459
available qualifying expenditure (in Part 8)	section 473
F8	F8
...	...
[^{F10} balancing adjustment (in Part 3A)	section 360M]
F8	F8

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...	...
[^{F11} balancing adjustment (in Part 4A)	section 393M]
balancing adjustment (in Part 10)	section 513
F8	F8
...	...
[^{F10} balancing event (in Part 3A)	section 360N]
F8	F8
...	...
[^{F12} balancing event (in Part 4A)	section 393N]
balancing event (in Part 10)	section 514
body of persons	[^{F13} section 989 of ITA 2007 and] section 832(1) of ICTA
F14	F14
...	...
F8	F8
...	...
capital expenditure	section 4 and (in Chapter 2 of Part 1) section 10(1)
capital sum	section 4
car (in Part 2)	section 81
chargeable period	section 6
F8	F8
...	...
connected persons (general meaning)	[^{F15} section 575]
connected persons (special extended meaning for certain purposes)	sections 156, 232, 246(2) and 266(5)
control	section 574
the Corporation Tax Acts	section 831(1) of ICTA
F8	F8
...	...
development and development order (in Part 5)	section 436
disposal event (in Part 2)	section 60(2)
disposal event (in Chapter 3 of Part 6)	section 443(7)
disposal receipt (in Part 2)	section 60
disposal receipt (in Part 5)	section 420
disposal receipt (in Chapter 3 of Part 8)	section 476(1)

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dredging	section 484(3), (4)
dual resident investing company	section 577(1) and section 404 of ICTA
dwelling-house	section 531(1)
[^{F16} dwelling (in Part 4A)]	section 393A(4)]
F8	F8
.
F8	F8
.
F8	F8
.
expenditure on the construction of a building (in Part 10)	section 493
final chargeable period (in Part 2)	section 65
final chargeable period (in Part 7)	section 457(5)
final chargeable period (in Part 8)	section 471(5) and (6)
first-year qualifying expenditure	Chapter 4 of Part 2
fixture (in Part 2)	section 173(1)
[^{F17} flat (in Part 4A)]	section 393A(3)]
four-year cut-off (in Chapter 9 of Part 2)	section 86(3)
furnished holiday lettings business (in Part 2)	section 17
general development order (in Part 5)	section 436
F8	F8
.
F8	F8
.
income from patents (in Part 8)	section 483 and paragraph 101(5) of Schedule 3
F8	F8
.
F18	F18
.
interest in an oil licence (in Chapter 3 of Part 12)	section 552(4)
investment company	section 130 of ICTA
investment asset (in relation to life assurance business)	section 545(2)
know-how (in Part 7)	section 452(2)
F8	F8

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...	...
[^{F10} lease and related expressions (in Part 3A) F8	section 360Z4] F8
...	...
[^{F19} lease and related expressions (in Part 4A) lease and related expressions (in Part 10) life assurance business long-life asset (in Chapter 10 of Part 2) long-life asset expenditure (in F20 ... Part 2) market value mineral asset (in Part 5) mineral exploration and access (in Part 5) mineral extraction trade (in Part 5) mineral deposits (in Part 5) normal time limit for amending a tax return notice [^{F21} offshore installation (except in Chapter 13 of Part 2) oil (in Chapter 3 of Part 12) oil licence (in Chapter 3 of Part 12) ordinary [^{F23} property] business overseas property business partial depreciation subsidy patent rights (in Part 8) planning permission (in Part 5) F8	section 393W] section 531 section 544(5) and section 431(2) of ICTA section 91 section 90 section 577(1) section 397 section 396 section 394(2) section 394(3) section 577(1) section 577(1) [^{F22} sections 1001 and 1002 of ITA 2007 and] section 837C of ICTA] section 556(3) section 552(1) section 16 sections [^{F24} 70A(4) and 832(1) of ICTA and Chapter 2 of Part 3 of ITTOIA 2005][^{F25} (as applied by section 989 of ITA 2007)] section 209 section 464(2) section 436 F8
...	...
[^{F10} proceeds from a balancing event (in Part 3A) F8	section 360O] F8
...	...
[^{F26} proceeds from a balancing event (in Part 4A)	section 393O]

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proceeds from a balancing event (in Part 10)	section 515
property business	section 577(1)
public body (in Chapter 1 of Part 11)	section 532(2)
qualifying activity (in Part 2)	Chapter 2 of Part 2
[^{F10} qualifying building (in Part 3A)	section 360C]
[^{F27} qualifying building (in Part 4A)	section 393C]
[^{F10} qualifying business premises (in Part 3A)	section 360D]
qualifying dwelling-house (in Part 10)	section 490(2) and Chapter 4 of Part 10
F8	F8
...	...
[^{F10} qualifying expenditure (in Part 3A)	section 360B]
qualifying expenditure attributable to a dwelling-house (in Part 10)	section 511
[^{F28} qualifying flat (in Part 4A)	section 393D]
qualifying hire car (in Part 2)	section 82
F8	F8
...	...
qualifying non-trade expenditure (in Part 8)	section 469
qualifying trade expenditure (in Part 8)	section 468
F8	F8
...	...
qualifying trade (in Part 9)	section 484(2)
F8	F8
...	...
F8	F8
...	...
[^{F10} relevant interest (in Part 3A)	Chapter 4 of Part 3A]
F8	F8
...	...
[^{F29} relevant interest (in Part 4A)	Chapter 4 of Part 4A]
relevant interest (in Part 10)	Chapter 2 of Part 10
relevant trade (in Part 6)	section 439(3)
research and development	section [^{F30} 437(2) and (3)]
F8	F8
...	...

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[^{F10} residue of qualifying expenditure (in Part 3A)	section 360K]
^{F8}	^{F8}
.
[^{F31} residue of qualifying expenditure (in Part 4A)	section 393L]
residue of qualifying expenditure attributable to a dwelling-house (in Part 10)	section 512
ring fence trade (in Chapter 13 of Part 2)	section 162(2)
sale	section 572(1) to (3)
sale, time of	section 572(4)
sale, transfers under Parts ^{F32}	section 573
... 3A, ^{F32}	
... 4A and 10 treated as	
sale, treated as occurring on successions, for purposes of Parts other than Parts 2, 6 and 10	section 559
Schedule A business	[^{F33} section 989 of ITA 2007 and] section 832(1) of ICTA
short-life asset (in Part 2)	section 83
source of mineral deposits (in Part 5)	section 394(5)
special leasing (in Part 2)	section 19
[^{F34} special rate expenditure (in Part 2)	section 104A]
tax	section 832(3) of ICTA
the Tax Acts	Schedule 1 to the Interpretation Act 1978 and section 831 of ICTA
tax advantage	section 577(4)
tax return	section 3(3)
tax year	[^{F35} section 4(2) of ITA 2007 (as applied by section 989 of that Act)]
UK oil licence	section 552(2)
[^{F36} UK property business	^{F37}
	...Chapter 2 of Part 3 of ITTOIA 2005][^{F38} (as applied by section 989 of ITA 2007)]
United Kingdom	[^{F39} section 1013 of ITA 2007 and section 830(1) of ICTA]
unrelieved qualifying expenditure (in Part 2)	section 59
unrelieved qualifying expenditure (in Part 5)	section 419

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unrelieved qualifying expenditure (in Part 7)	section 461
unrelieved qualifying expenditure (in Part 8)	section 475
within the charge to tax	[^{F40} section 1009 of ITA 2007 and] section 832(1) of ICTA
F8	F8
...	...
writing-down period (in Part 9)	section 487(2)

Textual Amendments

- F8** Sch. 1 Pt. 2 entries omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 19\(2\)](#)
- F9** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 24 para. 15](#)
- F10** Sch. 1 Pt. 2 entries inserted (with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 6 para. 11](#); [S.I. 2007/949](#), [art. 2](#)
- F11** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F12** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F13** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(a\)](#) (with [Sch. 2](#))
- F14** Words in Sch. 1 Pt. 2 repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 86\(a\)](#), [5](#); [S.I. 2005/1126](#), [art. 2\(2\)\(h\)\(i\)](#)
- F15** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(b\)](#) (with [Sch. 2](#))
- F16** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F17** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F18** Words in Sch. 1 Pt. 2 repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 86\(b\)](#), [5](#); [S.I. 2005/1126](#), [art. 2\(2\)\(h\)\(i\)](#)
- F19** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F20** Words in Sch. 1 Pt. 2 repealed (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 43 Pt. 3\(9\)](#)
- F21** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 27 para. 10](#)
- F22** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(e\)](#) (with [Sch. 2](#))
- F23** Word in Sch. 1 Pt. 2 substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 574\(3\)\(a\)](#) (with [Sch. 2](#))
- F24** Words in Sch. 1 Pt. 2 substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 574\(3\)\(b\)](#) (with [Sch. 2](#))
- F25** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(d\)](#) (with [Sch. 2](#))
- F26** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)

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- F27** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F28** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F29** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F30** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(e\)](#) (with [Sch. 2](#))
- F31** Sch. 1 Pt. 2: entries inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 67, [Sch. 19 Pt. 2 para. 8\(2\)](#)
- F32** Word in Sch. 1 Pt. 2 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 19\(3\)](#)
- F33** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(f\)](#) (with [Sch. 2](#))
- F34** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 26 para. 13](#)
- F35** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(g\)](#) (with [Sch. 2](#))
- F36** Words in Sch. 1 Pt. 2 inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 574\(3\)\(c\)](#) (with [Sch. 2](#))
- F37** Words in Sch. 1 Pt. 2 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(h\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F38** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(h\)](#) (with [Sch. 2](#))
- F39** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(i\)](#) (with [Sch. 2](#))
- F40** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(j\)](#) (with [Sch. 2](#))

SCHEDULE 2

Section 578

CONSEQUENTIAL AMENDMENTS

The Taxes Management Act 1970 (c. 9)

Section 42 (procedure for making claims etc.)

- 1 In subsection (7), for paragraphs (c) and (d) substitute—
- “(c) sections 3, 83, 89, 129, 131, 135, 177, 183, 266, 268, 290, 355, 381 and 569 of the Capital Allowances Act; and
 - (d) sections 40B(5), 40D, 41 and 42 of the Finance (No. 2) Act 1992.”

Section 57 (regulations about appeals)

- 2 For subsection (3)(b) substitute—
- “(b) provisions corresponding to section 563 of the Capital Allowances Act (determination of apportionment affecting tax liability of two or more persons), and”.

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Section 58 (proceedings in tax cases in Northern Ireland)

- 3 In subsection (3)(b), for “section 151 of the Capital Allowances Act 1990 (proceedings to which more than one taxpayer is a party)” substitute “section 563 of the Capital Allowances Act (determination of apportionment affecting tax liability of two or more persons)”.

Section 98 (special returns, etc.)

- 4 (1) In the Table, in column 1, omit “Sections 23(4) and 49(4) of the Capital Allowances Act 1990”.
- (2) In the Table, in column 2, for “Sections 22B(4), 23(2), 33F(5), 48, 49(2), 51(6A) and 53(1H) of the Capital Allowances Act 1990” substitute “Sections 43(5) and (6), 118 to 120, 145(2) and (3) and 203 of the Capital Allowances Act”.

Schedule 3 (rules for assigning proceedings to General Commissioners)

- 5 In paragraph 10, for “section 151 of the Capital Allowances Act 1990” substitute “section 563 of the Capital Allowances Act”.

The Finance Act 1982 (c. 39)

Section 137 (expenditure met by regional development plans to be disregarded for certain purposes)

- 6 Omit subsections (2), (3), (6) and (7).

The London Regional Transport Act 1984 (c. 32)

Schedule 5 (transitional provisions and savings)

- 7 In paragraph 5, omit paragraph (b) and the word “and” before it.

The Films Act 1985 (c. 21)

Section 6 (certification of films as British films)

- 8 In subsection (1), for “section 68 of the Capital Allowances Act 1990 (expenditure on production and acquisition of films etc.)” substitute “section 40D of the Finance (No. 2) Act 1992 (election relating to tax treatment of films expenditure)”.

Schedule 1 (certification of films as British films)

- 9 (1) In paragraph 2(1), for “section 68 of the Capital Allowances Act 1990” substitute “section 40D of the Finance (No. 2) Act 1992”.
- (2) In paragraph 3(1), for “section 68 of the Capital Allowances Act 1990” substitute “section 40D of the Finance (No. 2) Act 1992”.

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The Trustee Savings Banks Act 1985 (c. 58)

Schedule 2 (taxation)

- 10 In paragraph 1—
- (a) in sub-paragraph (1), for “the Capital Allowances Act 1990” substitute “the Capital Allowances Act 2001”, and
 - (b) in sub-paragraph (2), for “those Acts” substitute “that Act”.

The Income and Corporation Taxes Act 1988 (c. 1)

^{F41}11

Textual Amendments

F41 Sch. 2 para. 11 repealed (with effect in accordance with Sch. 26 Pt. 3(12) Note of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 3(12)**

^{F42}12

Textual Amendments

F42 Sch. 2 para. 12 repealed (with effect in accordance with Sch. 26 Pt. 3(12) Note of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 3(12)**

Section 65A (Case V income from land outside UK: income tax)

- 13 In subsection (7), omit “and section 29 of the 1990 Act (provisions relating to furnished holiday accommodation)”.

Section 70A (Case V income from land outside UK: corporation tax)

- 14 In subsection (6), omit “and section 29 of the 1990 Act (provisions relating to furnished holiday accommodation)”.

Section 75 (expenses of management: investment companies)

^{F43}15

Textual Amendments

F43 Sch. 2 para. 15 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 2(3)**

Section 83A (gifts in kind to charities, etc.)

- 16 (1) In subsection (2), omit paragraph (b) and the word “or” before it.

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- (2) In subsection (3), omit paragraph (b) and the word “and” before it.
- (3) In subsection (4)(a) after “subsection (3) above” insert “ or section 63(2) of the Capital Allowances Act ”.

Section 84 (gifts to educational establishments)

- 17 (1) In subsection (1)—
- (a) in paragraph (a), for “machinery or plant” substitute “ plant or machinery ”, and
 - (b) omit paragraph (b) and the word “or” before it.
- (2) In subsection (2)—
- (a) for “qualifies as machinery or plant” substitute “ qualifies as plant or machinery ”, and
 - (b) for “Part II of the 1990 Act as machinery or plant” substitute “ Part 2 of the Capital Allowances Act as plant or machinery ”.
- (3) In subsection (3), omit paragraph (b) and the word “and” before it.
- (4) In subsection (4)(a), after “subsection (3) above” insert “ or section 63(2) of the Capital Allowances Act ”.

Section 87 (taxable premiums etc.)

- 18 In subsection (7), for “Part IV of the 1990 Act in respect of expenditure falling within section 105(1)(b) of that Act (mineral depletion)” substitute “ Part 5 of the Capital Allowances Act in respect of expenditure falling within section 403 (mineral asset expenditure) ”.

Section 91 (cemeteries)

- 19 For subsection (9) substitute—
- “(9) Section 532 of the Capital Allowances Act (general rule excluding contributions) shall apply for the purposes of this section as it applies for the purposes of that Act.”

Section 91C (mineral exploration and access)

- 20 In paragraph (a), for “section 121(1) of the Capital Allowances Act 1990” substitute “ section 396(1) of the Capital Allowances Act ”.

Section 116 (arrangements for transferring relief)

- 21 In subsection (4), for paragraph (b) substitute—
- “(b) any allowance to be given effect under Part 2 of the Capital Allowances Act in respect of a special leasing of plant or machinery were an allowance to be given effect in calculating the profits of that trade.”

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Textual Amendments

F44 Sch. 2 para. 22 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

Section 118 (restriction on relief: companies)

- 23 (1) In subsection (1), omit—
- (a) “or allowed” (in each place),
 - (b) “or section 145 of the 1990 Act”, and
 - (c) paragraph (b) and the word “or” before it.
- (2) In subsection (2), in the definition of “the aggregate amount”, omit—
- (a) “or allowed”,
 - (b) “or section 145 of the 1990 Act”, and
 - (c) paragraph (b) and the word “or” before it.
- (3) In relation to any chargeable period to which this Act applies, the repeals made by sub-paragraph (2) are not to exclude from a company’s aggregate amount for the purposes of section 118 of ICTA any amounts included in the company’s aggregate amount at any time before the chargeable periods to which this Act applies.

Section 197C (definition of mileage profit)

^{F45}24

Textual Amendments

F45 Sch. 2 para. 25 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Section 198 (relief for necessary expenses)

^{F45}25

Textual Amendments

F45 Sch. 2 para. 25 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Section 343 (company reconstructions without a change of ownership)

- 26 In subsection (2), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act (including enactments which under this Act are to be treated as contained in that Act) ”.

^{F46}27

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Textual Amendments

F46 Sch. 2 para. 27 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F47}28

Textual Amendments

F47 Sch. 2 para. 28 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Section 384 (restrictions on right of set-off)

29 ^{F48}(1)

(2) In subsection (10), omit the words following paragraph (b) ^{F49}...

Textual Amendments

F48 Sch. 2 para. 29(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F49 Words in Sch. 2 para. 29(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F50}30

Textual Amendments

F50 Sch. 2 para. 30 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F51}31

Textual Amendments

F51 Sch. 2 para. 31 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Section 393A (losses: set off against profits of the same, or an earlier, accounting period)

32 (1) In subsection (2C)(b), for “section 62A of the 1990 Act (demolition costs relating to offshore machinery or plant)” substitute “ section 164 of the Capital Allowances Act (abandonment expenditure incurred before cessation of ring fence trade) ”.

(2) Omit subsections (5) and (6).

(3) In subsection (11)—

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- (a) in paragraph (a), for “section 62B of the 1990 Act (post-cessation abandonment expenditure related to offshore machinery or plant)” substitute “ section 165 of the Capital Allowances Act (abandonment expenditure within 3 years of ceasing ring fence trade) ”, and
 - (b) in paragraph (b), for “section 109 of that Act (restoration expenditure incurred after cessation of trade of mineral extraction)” substitute “ section 416 of that Act (expenditure on restoration within 3 years of ceasing to trade) ” and for “the last day on which it carried on the trade” substitute “ the last day of trading ”.
- (4) In subsection (12), for “section 62A of the 1990 Act” substitute “ section 162 of the Capital Allowances Act ”.

Section 395 (leasing contracts and company reconstructions)

- 33 In subsection (1)—
- (a) in paragraph (a), for “machinery or plant” substitute “ plant or machinery ”, and
 - (b) in paragraph (c), for “within the meaning of Part II of the 1990 Act” substitute “ within the meaning of Part 2 of the Capital Allowances Act ”.

Section 397 (restriction of relief in case of farming and market gardening)

- 34 (1) In subsection (5)—
- (a) omit the definition of “basis year”, and
 - (b) in the definition of “chargeable period” omit the words from “or any basis period” to the end of the definition.
- (2) Omit subsection (6).
- (3) In subsection (7), for the words from “but so that” to the end of the subsection substitute “but disregarding—
- (a) any allowance or charge under the Capital Allowances Act (including enactments which under this Act are to be treated as contained in that Act); and
 - (b) any provision of that Act requiring allowances and charges to be treated as expenses and receipts of the trade”.

Section 400 (write-off of government investment)

- 35 (1) In subsection (2)(c), for “section 145(2) of the 1990 Act” substitute “ section 260(2) of the Capital Allowances Act ”.
- (2) In subsection (4), for “section 145(3) of the 1990 Act” substitute “ section 260(3) of the Capital Allowances Act ”.
- (3) In subsection (6), for “section 153 of the 1990 Act” substitute “ section 532 or 536 of the Capital Allowances Act ”.

Section 403ZB (amounts eligible for group relief: excess capital allowances)

- 36 In subsection (1), for the words from “the surrender period” to the end of the subsection substitute “ for the surrender period to the extent that they are to be given

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effect under section 260 of the Capital Allowances Act (special leasing: excess allowance).”

Section 407 (relationship between group relief and other relief)

37 (1) In subsection (1)(b), for “section 145(3) of the 1990 Act” substitute “ section 260(3) of the Capital Allowances Act ”.

(2) In subsection (2)(b), for “section 145(3) of the 1990 Act” substitute “ section 260(3) of the Capital Allowances Act ”.

Section 411 (exclusion of double allowance)

38 In subsection (10)—

(a) omit “Without prejudice to the provisions of section 161(5) of the 1990 Act”, and

(b) for “that Act, except Parts III and VII” substitute “ the Capital Allowances Act, except Parts 6 and 10 ”.

Sections 434D and 434E (capital allowances: management assets; investment assets)

39 Omit sections 434D and 434E.

Section 487 (credit unions)

40 In subsection (4), for “section 306 of the 1970 Act (capital allowances)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.

Section 492 (treatment of oil extraction activities etc. for tax purposes)

41 (1) In subsection (5), for “section 141 of the 1990 Act” substitute “ section 258 of the Capital Allowances Act ”.

(2) In subsection (6), for “section 145 of the 1990 Act” substitute “ section 259 or 260 of the Capital Allowances Act ”.

(3) In subsection (7), for “section 145(1) of the 1990 Act” substitute “ section 259 of the Capital Allowances Act ”.

Section 495 (regional development grants)

42 (1) In subsection (1), for “Part I, II or VII of the 1990 Act (capital allowances relating to industrial buildings, machinery or plant and research and development)” substitute “ Part 2, 3 or 6 of the Capital Allowances Act (capital allowances relating to plant and machinery, industrial buildings or research and development) ”.

(2) In subsection (3), for “Part I, II or VII of the 1990 Act” substitute “ Part 2, 3 or 6 of the Capital Allowances Act ”.

(3) In subsection (7), in the definition of “regional development grant” for the words from “means” to the end substitute “ means a grant falling within section 534(1) of the Capital Allowances Act ”.

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Section 518 (harbour reorganisation schemes)

- 43 In subsection (4), for “the provisions of the Capital Allowances Acts” substitute “the Capital Allowances Act (including enactments which under this Act are to be treated as contained in that Act)”.

Sections 520 to 523 (patents)

- 44 Omit sections 520 to 523.

Section 525 (capital sums: death, winding up or partnership change)

- 45 In subsection (3), for “section 152 of the 1990 Act (succession to trades)” substitute “section 559 of the Capital Allowances Act (effect of successions)”.

Section 528 (patents: manner of making allowances and charges)

- 46 (1) Omit subsection (1).
- (2) In subsections (2) and (3), for “section 520, 522, 523 or 526 as those provisions apply” (in each place) substitute “section 526 as that provision applies”.
- (3) After subsection (3) insert—
- “(3A) In this section references to a person’s or a company’s income from patents are references to that income after any allowance has been deducted from or set off against it under section 479 or 480 of the Capital Allowances Act.”
- (4) Omit subsection (4).

Section 530 (disposal of know-how)

- 47 Omit section 530.

Section 531 (disposal of know-how: supplementary provisions)

- 48 (1) In subsection (1), for “as disposal value under section 530(5)” substitute “as a disposal value under section 462 of the Capital Allowances Act”.
- (2) In subsection (3), omit the words following paragraph (b).
- (3) In subsection (4), for “as disposal value under section 530(5)” substitute “as a disposal value under section 462 of the Capital Allowances Act”.
- (4) In subsection (7), omit “and section 530(1) and (6)”.

Section 532 (application of 1990 Act)

- 49 For section 532 substitute—

“532 Application of Capital Allowances Act

The Tax Acts have effect as if sections 524 to 529 and 531, this section and section 533 were contained in the Capital Allowances Act.”

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Section 533 (interpretation of sections 520 to 532)

- 50 (1) In each of subsections (1) to (5), for “sections 520 to 532” substitute “ sections 524 to 529 ”.
- (2) In subsection (1)—
- in paragraph (b) of the definition of “income from patents”, omit “520(6), 523(3),” and after “525” insert “ or section 472(5) of, or paragraph 100 of Schedule 3 to, the Capital Allowances Act ”, and
 - omit the definition of “the commencement of the patent”.
- (3) In subsection (7), for “sections 530 and 531” substitute “ section 531 ”.

Section 577 (business entertaining expenses)

- 51 ^{F52}(1)
- (2) In subsection (7)(a), omit “, or to the use of an asset for,” (in both places).
- (3) In subsection (10), omit “, or any claim for capital allowances in respect of the use of an asset for,”.

Textual Amendments

F52 Sch. 2 para. 51(1) repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), s. 723, Sch. 8 Pt. 1](#) (with [Sch. 7](#))

New sections 578A and 578B (expenditure on car hire)

- 52 After section 578 insert—

“578A Expenditure on car hire

- (1) This section provides for a reduction in the amounts—
- allowable as deductions in computing profits chargeable to tax under Case I or II of Schedule D,
 - which can be included as expenses of management of an investment company (as defined by section 130), or
 - allowable as deductions from emoluments chargeable to tax under Schedule E,

for expenditure on the hiring of a car to which this section applies.

- (2) This section applies to the hiring of a car—
- which is not a qualifying hire car, and
 - the retail price of which when new exceeds £12,000.

“Car” and “qualifying hire car” are defined by section 578B.

- (3) The amount which would, apart from this section, be allowable or capable of being included must be reduced by multiplying it by the fraction—

$$\frac{\pounds 12,000 + P}{2P}$$

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where P is the retail price of the car when new.

- (4) If an amount has been reduced under subsection (3) and subsequently—
- (a) there is a rebate (however described) of the rentals, or
 - (b) there occurs in connection with the rentals a transaction that falls within section 94 (debts deducted and subsequently released),
- the amount otherwise taxable in respect of the rebate or transaction must be reduced by multiplying it by the fraction in subsection (3) above.

578B Expenditure on car hire: supplementary

- (1) In section 578A “car” means a mechanically propelled road vehicle other than one—
- (a) of a construction primarily suited for the conveyance of goods or burden of any description, or
 - (b) of a type not commonly used as a private vehicle and unsuitable for such use.

References to a car accordingly include a motor cycle.

- (2) For the purposes of section 578A, a car is a qualifying hire car if—
- (a) it is hired under a hire-purchase agreement (within the meaning of section 784(6)) under which there is an option to purchase exercisable on the payment of a sum equal to not more than 1 per cent. of the retail price of the car when new, or
 - (b) it is a qualifying hire car for the purposes of Part 2 of the Capital Allowances Act (under section 82 of that Act).
- (3) In section 578A and this section “new” means unused and not second-hand.
- (4) The power under section 74(4) of the Capital Allowances Act to increase or further increase the sums of money specified in Chapter 8 of Part 2 of that Act includes the power to increase or further increase the sum of money specified in section 578A(2)(b) or (3).”

Section 623 (retirement annuities: relevant earnings)

^{F53}53

Textual Amendments

F53 Sch. 2 para. 53 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

Section 646 (meaning of “net relevant earnings”)

^{F54}54

Textual Amendments

F54 Sch. 2 para. 54 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with [Sch. 36](#))

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Section 768 (change in ownership of company: disallowance of trading losses)

- 55 In subsection (6), for “section 161(6) of the 1990 Act” substitute “ section 577(3) of the Capital Allowances Act ”.

Section 768B (change in ownership of investment company: deductions generally)

- 56 In subsection (8), for “section 28 of the 1990 Act” substitute “ section 253 of the Capital Allowances Act ”.

Section 781 (assets leased to traders and others)

- 57 In subsection (9), for “section 60(2) of the 1990 Act” substitute “ section 68 of the Capital Allowances Act ”.

^{F55}58

Textual Amendments

F55 Sch. 2 para. 58 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Section 831 (interpretation of Act)

- 59 Section 831(3) continues to have effect with the addition of the definition of “the 1990 Act” (an amendment originally made by paragraph 8(35) of Schedule 1 to the Capital Allowances Act 1990 (c. 1)).

Section 832 (interpretation of the Tax Acts)

- 60 In subsection (1)—
- (a) in the definition of “capital allowance”, for “the Capital Allowances Acts” substitute “ the Capital Allowances Act (including enactments which under this Act are to be treated as contained in that Act) ”, and
 - (b) for the definition of “the Capital Allowances Acts” substitute—

““the Capital Allowances Act” means the Capital Allowances Act 2001;”.

Section 834 (interpretation of the Corporation Tax Acts)

- 61 In subsection (2), omit “and also for sections 144 and 145 of the 1990 Act”.

^{F56}62

Textual Amendments

F56 Sch. 2 para. 62 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

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Schedule 18 (group relief)

- 63 In paragraph 1(6)—
- (a) in paragraph (b)(i) and (ii), for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ” and for “machinery or plant” substitute “ plant or machinery ”, and
 - (b) in paragraph (b)(iii), for “section 137 of the 1990 Act” substitute “ Chapter 3 of Part 6 of the Capital Allowances Act ” and for “Part VII” substitute “ Part 6 ”.

Schedule 19AC (modification of Act in relation to overseas life insurance companies)

- 64 (1) Omit paragraph 9C (application of section 434D(4) in relation to overseas life insurance company).

^{F57}(2)

Textual Amendments

F57 Sch. 2 para. 64(2) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\)](#), reg. 1, **Sch. Pt. 1**

Schedule 21 (tax relief in connection with schemes for rationalising industry and other redundancy schemes)

- 65 In paragraph 6(1)(a), for “Part I or II of the 1990 Act in taxing the trade” substitute “ Part 2 or 3 of the Capital Allowances Act in calculating the profits of a trade ”.

Schedule 24 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies)

- 66 (1) In paragraph 10(1)—
- (a) for “machinery or plant for the purposes of its trade, that machinery or plant shall be assumed, for the purposes of Part II of the 1990 Act” substitute “ plant or machinery for the purposes of its trade, that plant or machinery shall be assumed, for the purposes of Part 2 of the Capital Allowances Act ”, and
 - (b) for “section 81 of that Act (expenditure treated as equivalent to market value at the time the machinery or plant is brought into use)” substitute “ section 13 of that Act (use for qualifying activity of plant or machinery provided for other purposes) ”.

- (2) In paragraph 10(2), for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.

^{F58}(3)

Textual Amendments

F58 Sch. 2 para. 66(3) repealed (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), **Sch. 11 Pt. 2(6)**

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Schedule 28A (change in ownership of investment company: deductions)

- 67 (1) In paragraph 6(d), for “section 28 of the 1990 Act” substitute “ section 253 of the Capital Allowances Act ”.
- (2) In paragraph 13(1)(e), for “section 28 of the 1990 Act” substitute “ section 253 of the Capital Allowances Act ”.

Schedule 28AA (provision not at arms’ length)

- 68 In paragraph 13(a), for “the 1990 Act” substitute “ the Capital Allowances Act ”.

The Finance Act 1988 (c. 39)

Schedule 12 (building societies: change of status)

- 69 In paragraph 3(1), for “the Capital Allowances Act 1990 (capital allowances)” substitute “ the Capital Allowances Act 2001 ”.

The Finance Act 1989 (c. 26)

Section 86 (spreading of relief for acquisition expenses)

^{F59}70

Textual Amendments

F59 Sch. 2 para. 70 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

The Electricity Act 1989 (c. 29)

Schedule 11 (taxation provisions)

- 71 (1) For paragraph 5(3) substitute—
- “(3) Section 291(1) of the Capital Allowances Act 2001 (supplementary provisions with respect to elections) shall not prevent the application of section 290 of that Act (election to treat grant of lease exceeding 50 years as sale) where the lease is a lease to which this sub-paragraph applies.”
- (2) In paragraph 5(4)(a), for “section 44 of the Finance Act 1971 or section 24 of the 1990 Act” substitute “ Chapter 5 of Part 2 of the Capital Allowances Act 2001 ”.
- (3) In paragraph 5(4)(b), for the words from “section 44” to “Chapter VI of Part II of the 1990 Act” substitute “ Chapters 5 and 14 of Part 2 of the Capital Allowances Act 2001 ”.
- (4) For paragraph 5(5) substitute—
- “(5) In sub-paragraph (4) above “the transferor” means the transferor under the transfer scheme in question and expressions which are used in Chapter 14 of Part 2 of the Capital Allowances Act 2001 have the same meanings as

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in that Chapter; and in construing that sub-paragraph section 511(2) of the 1988 Act shall be disregarded.”

The Finance Act 1990 (c. 29)

Section 126 (pools payments for football ground improvements)

- 72 In subsection (4), for “Section 153 of the Capital Allowances Act 1990” substitute “ Section 532 of the Capital Allowances Act 2001 ”.

The Finance Act 1991 (c. 31)

Section 65 (reimbursement by defaulter in respect of certain abandonment expenditure)

- 73 In subsection (8), for “section 153 of the Capital Allowances Act 1990 (subsidies, contributions, etc.)” substitute “ section 532 of the Capital Allowances Act (the general rule excluding contributions) ”.

Section 78 (sharing of transmission facilities)

- 74 (1) In subsection (4)—
- (a) for “Capital Allowances Act 1990” substitute “ Capital Allowances Act ”;
 - (b) for “machinery or plant” (in each place) substitute “ plant or machinery ”;
 - and
 - (c) for “section 24 of that Act” substitute “ section 60 of that Act ”.
- (2) In subsection (5) for “machinery or plant” (in both places) substitute “ plant or machinery ”.

The Social Security Contributions and Benefits Act 1992 (c. 4)

Schedule 2 (levy of Class 4 contributions with income tax)

- 75 (1) In paragraph 1, omit paragraph (b).
- (2) In paragraph 2, omit the words from “subject to deduction” to the end.

The Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)

Schedule 2 (levy of Class 4 contributions with income tax)

- 76 (1) In paragraph 1, omit paragraph (b).
- (2) In paragraph 2, omit the words from “subject to deduction” to the end.

The Taxation of Chargeable Gains Act 1992 (c. 12)

Section 37 (consideration chargeable to tax on income)

- 77 In subsection (2), for paragraphs (a) and (b) substitute—

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- “(a) taken into account in the making of a balancing charge under the Capital Allowances Act but excluding Part 10 of that Act,
- (b) brought into account as the disposal value of plant or machinery under Part 2 of that Act, or
- (c) brought into account as the disposal value of an asset representing qualifying expenditure under Part 6 of that Act.”

Section 41 (restriction of losses by reference to capital allowances etc.)

- 78 (1) In subsection (3), for paragraphs (a) and (b) substitute—
- “(a) by a transfer by way of sale in relation to which an election under section 569 of the Capital Allowances Act was made, or
 - (b) by a transfer to which section 268 of that Act applies.”.
- (2) In subsection (4), for paragraph (a) substitute—
- “(a) any allowance under the Capital Allowances Act.”.
- (3) In subsection (7)—
- (a) for “machinery or plant” (in each place) substitute “ plant or machinery ”,
 - (b) for “Part II of the 1990 Act, and neither section 79 (assets used only partly for trade purposes) nor section 80 (wear and tear subsidies) of that Act” substitute “ Part 2 of the Capital Allowances Act, and neither Chapter 15 (assets provided or used only partly for qualifying activity) nor Chapter 16 (partial depreciation subsidies) of that Part ”, and
 - (c) for “capital expenditure” substitute “ qualifying expenditure ”.

Section 195 (allowance of certain drilling expenditure)

- 79 (1) In subsection (2), for paragraphs (b) and (c) substitute—
- “(b) either it is expenditure in respect of which the person was entitled to an allowance under section 441 of the Capital Allowances Act (research and development allowances) for a relevant chargeable period which began before the date of the disposal or it would have been such expenditure if the trading condition had been fulfilled, and
 - (c) on the disposal, section 443 of that Act (disposal values) applies in relation to the expenditure or would apply if the trading condition had been fulfilled (and the expenditure had accordingly been qualifying expenditure under Part 6 of that Act).”
- (2) In subsection (3)—
- (a) for “section 137 of the 1990 Act” substitute “ section 441 of the Capital Allowances Act ”, and
 - (b) omit the definition of “basis year” and the word “and” before it.
- (3) In subsection (4), for “trading receipt” substitute “ disposal value ” and for paragraphs (a) and (b) substitute—
- “(a) is required to be brought into account under section 443 of the Capital Allowances Act; or
 - (b) would be required to be so brought into account if the trading condition had been fulfilled (and the expenditure had accordingly been qualifying expenditure under Part 6 of that Act).”

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- (4) Omit subsection (5).
- (5) In subsection (6)—
 - (a) for “which had not in fact been allowed or become allowable” substitute “ in respect of which the person had not in fact been entitled to an allowance ”,
 - (b) for “section 137 of the 1990 Act” substitute “ section 441 of the Capital Allowances Act ”, and
 - (c) omit paragraph (b) and the word “and” before it.
- (6) In subsection (8), for “Part VII of the Capital Allowances Act 1990 (allowances for research and development expenditure)” substitute “ Part 6 of the Capital Allowances Act (research and development allowances) ”.

Section 288 (interpretation)

- 80 In subsection (1), omit the definition of “the 1990 Act” and after the definition of “building society” insert—
- ““the Capital Allowances Act” means the Capital Allowances Act 2001;”.

Schedule 3 (assets held on 31st March 1982)

- 81 In paragraph 7(8), for “section 121 of the 1990 Act” substitute “ section 394 of the Capital Allowances Act ”.

The Finance (No. 2) Act 1992 (c. 48)

New sections 40A to 40D (films)

- 82 Before section 41 insert—

Revenue nature of expenditure on master versions of films

- “40A(1) Expenditure incurred on the production or acquisition of a master version of a film is to be regarded for the purposes of the Tax Acts as expenditure of a revenue nature unless an election under section 40D below has effect with respect to it.
- (2) If expenditure on the master version of a film is regarded as expenditure of a revenue nature under subsection (1) above, sums received from the disposal of the master version are to be regarded for the purposes of the Tax Acts as receipts of a revenue nature (if they would not be so regarded apart from this subsection).
- (3) For the purposes of subsection (2) above sums received from the disposal of a master version of a film include—
- (a) sums received from the disposal of any interest or right in or over the master version, including an interest or right created by the disposal, and
 - (b) insurance, compensation or similar money derived from the master version.
- (4) In this section—

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- (a) “expenditure of a revenue nature” means expenditure which, if it were incurred in the course of a trade the profits of which are chargeable to tax under Case I of Schedule D, would be taken into account for the purpose of computing the profits or losses of the trade, and
 - (b) “receipts of a revenue nature” means receipts which, if they were receipts of such a trade, would be taken into account for that purpose.
- (5) For the purposes of this section and sections 40B to 40D below, a “master version” of a film means a master negative, master tape or master audio disc of the film and includes any rights in the film (or its soundtrack) that are held or acquired with the master negative, master tape or master audio disc.

Allocation of expenditure to periods

40B (1) In computing the profits or gains accruing to any person from a trade or business which consists of or includes the exploitation of master versions of films, expenditure which is—

- (a) incurred on the production or acquisition of a master version of a film, and
- (b) expenditure of a revenue nature (whether as a result of section 40A above or otherwise),

must be allocated to relevant periods in accordance with this section.

- (2) Subsection (1) above does not apply if an election under section 40D below has effect with respect to the expenditure.
- (3) In this section “relevant period” means—
- (a) a period for which the accounts of the trade or business concerned are made up, or
 - (b) if no accounts of the trade or business concerned are made up for a period—
 - (i) if the profits or gains accrue to a company within the charge to corporation tax, the accounting period of the company;
 - (ii) in any other case, the period the profits or gains of which are taken into account in assessing the income of the trade or business for a year of assessment.
- (4) The amount of expenditure falling within subsection (1) above which falls to be allocated to any relevant period is so much as is just and reasonable, having regard to—
- (a) the amount of that expenditure which remains unallocated at the beginning of that period,
 - (b) the proportion which the estimated value of the master version of the film which is realised in that period (whether by way of income or otherwise) bears to the aggregate of the value so realised and the estimated remaining value of the master version at the end of that period, and
 - (c) the need to bring the whole of the expenditure falling within subsection (1) above into account over the time during which the value of the master version is expected to be realised.

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- (5) In addition to any expenditure which is allocated to a relevant period in accordance with subsection (4) above, if a claim is made, there must also be allocated to that period so much of the unallocated expenditure as is specified in the claim and does not exceed the difference between—
- (a) the amount allocated to that period in accordance with subsection (4) above, and
 - (b) the value of the master version of the film which is realised in that period (whether by way of income or otherwise).
- (6) A claim under subsection (5) above must be made—
- (a) for the purposes of income tax, on or before the first anniversary of the 31st January next following the year of assessment in which ends the relevant period mentioned in that subsection;
 - (b) for the purposes of corporation tax, not later than two years after the end of the relevant period to which the claim relates.
- (7) In subsection (5) above “the unallocated expenditure”, in relation to a relevant period, is any expenditure falling within subsection (1) above—
- (a) which does not fall to be allocated to that period in accordance with subsection (4) above, and
 - (b) which has not been allocated to any earlier relevant period in accordance with subsection (4) or (5) above.

Cases where section 40B does not apply

- 40C (1) To the extent that a deduction has been made in respect of any expenditure for a relevant period under section 42 below—
- (a) that expenditure must not be allocated under section 40B above, and
 - (b) no other expenditure incurred on the production or acquisition of the master version of the film is to be allocated under section 40B above to the relevant period.
- (2) Section 40B above does not apply to the profits of a trade in which the master version of the film constitutes trading stock, as defined by section 100(2) of the Taxes Act 1988.

Election for sections 40A and 40B not to apply

- 40D (1) Sections 40A and 40B above do not apply to expenditure—
- (a) in relation to which an election is made under this section, and
 - (b) which meets the conditions in subsection (2) below.
- (2) The conditions are that—
- (a) the expenditure is incurred—
 - (i) by a person who carries on a trade or business which consists of or includes the exploitation of master versions of films, and
 - (ii) on the production or acquisition of a master version of a film,

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- (b) the master version is certified by the Secretary of State under paragraph 3 of Schedule 1 to the Films Act 1985 as a qualifying film, tape or disc for the purposes of this section, and
 - (c) the value of the master version is expected to be realisable over a period of not less than two years.
- (3) An election under this section—
- (a) must relate to all expenditure incurred (or to be incurred) on the production or acquisition of the master version in question,
 - (b) must be made by giving notice to [^{F60}an officer of Revenue and Customs], in such form as the Board of Inland Revenue may determine, and
 - (c) is irrevocable.
- (4) Notice under subsection (3)(b) above must be given—
- (a) for the purposes of income tax, on or before the first anniversary of the 31st January next following the year of assessment in which ends the relevant period in which the master version of the film is completed;
 - (b) for the purposes of corporation tax, not later than two years after the end of the relevant period in which the master version of the film is completed.
- (5) In subsection (4) above “relevant period” has the same meaning as in section 40B above.
- (6) For the purposes of subsection (4) above, the master version of a film is completed—
- (a) at the time when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the public, or
 - (b) if the expenditure in question was incurred on the acquisition of the master version and it was acquired after the time mentioned in paragraph (a) above, at the time it was acquired.
- (7) An election may not be made under this section in relation to expenditure on a master version of a film if a claim has been made in respect of any of that expenditure under section 41 or 42 below.”

Textual Amendments

F60 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), s. 53\(1\), Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

Section 41 (relief for preliminary expenditure)

83 In subsection (1)(c), for “section 68(9) of the 1990 Act” substitute “ section 40D above ”.

Section 42 (relief for production or acquisition expenditure)

84 (1) In subsection (1)(b)—

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- (a) for “subsections (3) to (6) of section 68 of the 1990 Act” substitute “ section 40B above ”, and
 - (b) for “subsection (9) of that section” substitute “ section 40D above ”.
- (2) In subsection (4)(c), for “section 68(3) to (6) of the 1990 Act, section” substitute “ section 40B or ”.
- (3) In subsection (7), for “section 68(3) to (6) of the 1990 Act” substitute “ section 40B above ”.

Section 43 (interpretation of sections 41 and 42)

- 85 In subsection (1)—
- (a) for “41 and 42” substitute “ 40A to 42 ”,
 - (b) for “section 68(10) of the 1990 Act” substitute “ section 40A(4) above ”,
 - (c) for “section 68 of the 1990 Act”, in each place where it occurs, substitute “ section 40D above ”,
 - (d) for “section 68(3) of the 1990 Act” substitute “ section 40B(3) above ”, and
 - (e) omit the definition of “the 1990 Act”.

Schedule 10 (furnished accommodation)

^{F61}86

Textual Amendments

F61 Sch. 2 para. 86 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

Schedule 17 (Northern Ireland electricity)

- 87 (1) In paragraph 5(4)—
- (a) for “section 11 of the Capital Allowances Act 1990 (long leases)” substitute “ section 290 of the Capital Allowances Act 2001 (election to treat grant of lease exceeding 50 years as sale) ”,
 - (b) for “long lease within the meaning” substitute “ lease which satisfies the condition in subsection (1)(c) ”,
 - (c) in paragraph (a), for “section 8” substitute “ Chapter 8 of Part 3 ”,
 - (d) in paragraph (b), for “section 11(6)(a)” substitute “ section 291(1) ”,
 - (e) for “sections 157 and 158” substitute “ sections 567 to 570 ”, and
 - (f) for “section 11” substitute “ section 290 ”.
- (2) In paragraph 5(5)—
- (a) for “paragraphs (a) and (b) of subsection (1) of section 55 of the Capital Allowances Act 1990 (expenditure incurred by incoming lessee: transfer of allowances)” substitute “ section 183(1)(a) and (b) of the Capital Allowances Act (incoming lessee where lessor entitled to allowances) ”,
 - (b) in paragraph (a) for “Part II of that Act” substitute “ Part 2 of that Act ”,
 - (c) after that paragraph insert “ and ”, and
 - (d) omit paragraph (c) and the word “and” before it.

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(3) In paragraph 6(1), for “section 11 of the Capital Allowances Act 1990” substitute “section 290 of the Capital Allowances Act 2001”.

(4) In paragraph 6(4), for “section 55 of the Capital Allowances Act 1990” substitute “section 183 of the Capital Allowances Act 2001”.

The Finance Act 1993 (c. 34)

Section 92 (the basic rule: sterling to be used)

- 88 In subsection (2)—
- (a) for “section 28 or 61(1) of the Capital Allowances Act 1990”, substitute “section 19 or 253 of the Capital Allowances Act”, and
 - (b) for “section 28 or 61(1) of that Act” substitute “section 19 or 253 of that Act”.

Section 93 (use of currency other than sterling)

- 89 In subsection (5), for “section 22B, 34, 35, 38C, 38D or 79A of the Capital Allowances Act 1990” substitute “section 578A(2) or (3) of the Taxes Act 1988 or section 43(3), 74(2), 75(1), 76(2), (3) or (4), 99(1), (2) or (3) or 208(1) of the Capital Allowances Act”.

The Agriculture Act 1993 (c. 37)

Schedule 2 (provisions relating to carrying out approved schemes or reorganisation)

- 90 In paragraph 19(4) and (5)(b), for “the Capital Allowances Act 1990” substitute “the Capital Allowances Act 2001”.

The Finance Act 1994 (c. 9)

Schedule 24 (provisions relating to the Railways Act 1993)

- 91 (1) In paragraph 1(1)—
- (a) omit the definition of “the Allowances Act”,
 - (b) after the definition of “the Board” insert—

““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001;”,

and
 - (c) in the definition of “fixture”, for “Chapter VI of Part II of the Allowances Act” substitute “Chapter 14 of Part 2 of the Capital Allowances Act”.
- (2) In paragraph 1(4)(c), for “the Capital Allowances Acts” substitute “the Capital Allowances Act”.

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- (3) In paragraph 20(1) and (2)(a), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (4) In paragraph 20(8), for “section 77 of the Allowances Act (successions to trades: connected persons)” substitute “ sections 266 and 267 of the Capital Allowances Act (election where predecessor and successor are connected persons) ”.
- (5) In paragraph 21(1), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (6) In paragraph 21(2)—
 - (a) in paragraph (a), for “subsection (6) of section 21 of the Allowances Act (transfer of industrial buildings or structures to be deemed to be sale at market price)” substitute “ section 573 of the Capital Allowances Act (transfers treated as sales) as it applies for the purposes of Part 3 of that Act ”,
 - (b) in paragraph (b), for “that subsection” substitute “ that section ” and for “the Capital Allowances Acts” substitute “ that Act ”, and
 - (c) for “by virtue of that subsection or any other provision of those Acts), sections 157 and 158 of the Allowances Act” substitute “ under that section or any other provision of the Capital Allowances Act), sections 567 to 570 of that Act ”.
- (7) In paragraph 21(3)—
 - (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (b) for “those Acts” substitute “ that Act ”,
 - (c) in paragraph (a), for “section 26(1) or 59 of the Allowances Act” substitute “ section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of the Capital Allowances Act ”, and
 - (d) in paragraph (c), for “section 54” substitute “ sections 181(1) and 182(1) ”.
- (8) In paragraph 22(2)—
 - (a) for “building or structure” (in both places) substitute “ building ”,
 - (b) for “Part I of the Allowances Act” substitute “ Part 3 of the Capital Allowances Act ”, and
 - (c) for “sections 157 and 158” substitute “ sections 567 to 570 ”.
- (9) In paragraph 22(3)—
 - (a) for “machinery or plant” (in the first and second places) substitute “ plant or machinery ”,
 - (b) for “section 24 of the Allowances Act (balancing adjustments) shall, subject to section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 55 of the Capital Allowances Act (determination of entitlement or liability) shall, subject to section 62 of that Act (general limit on amount of disposal value) ”, and
 - (c) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (10) In paragraph 22(4)—
 - (a) for “section 57(2) of the Allowances Act” substitute “ section 188 of the Capital Allowances Act ”,
 - (b) for “section 24 of that Act shall, subject to section 26(2) and (3)” substitute “ section 55 of that Act shall, subject to section 62 ”,

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- (c) in paragraph (a), for “Part II” substitute “ Part 2 ”, and
- (d) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.

Schedule 25 (Northern Ireland Airports Limited)

- 92 (1) In paragraph 5(2), for “the 1990 Act” (in both places) substitute “ the Capital Allowances Act 2001 ”.
- (2) In paragraph 5(3)—
- (a) omit the definition of “the 1990 Act”,
 - (b) for “section 4 of the 1990 Act” substitute “ Chapter 7 of Part 3 of the Capital Allowances Act 2001 ”, and
 - (c) for “section 20 of the 1990 Act” substitute “ Chapter 3 of Part 3 of the Capital Allowances Act 2001 ”.

The Coal Industry Act 1994 (c. 21)

Schedule 4 (taxation provisions)

- 93 (1) In paragraph 1(2)—
- (a) after the definition of “the 1988 Act” insert—

““the Capital Allowances Act” includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act,”

and
 - (b) in the definition of “fixture”, for “Chapter VI of Part II of the 1990 Act” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act ”.
- (2) In paragraph 19(1) and (2), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 19(3)(b) and (4)(b), for “section 145(2) of the 1990 Act” substitute “ section 260 of the Capital Allowances Act ”.
- (4) In paragraph 20(1), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (5) In paragraph 20(2)—
- (a) in paragraph (a), for “subsection (6) of section 21 of the 1990 Act (transfer of industrial buildings or structures to be deemed to be sale at market price)” substitute “ section 573 of the Capital Allowances Act (transfers treated as sales) as it applies for the purposes of Part 3 of that Act ”,
 - (b) in paragraph (b), for “that subsection (6)” substitute “ that section ” and for “the Capital Allowances Acts” substitute “ that Act ”,
 - (c) for “that subsection” substitute “ that section ”, and
 - (d) for “those Acts), sections 157 and 158 of the 1990 Act” substitute “ that Act), sections 567 to 570 of that Act ”.
- (6) In paragraph 20(3)—
- (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (b) for “those Acts” substitute “ that Act ”,

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- (c) in paragraph (a), for “section 26(1) or 59 of the 1990 Act” substitute “section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of the Capital Allowances Act”, and
 - (d) in paragraph (c), for “section 54” substitute “sections 181(1) and 182(1)”.
- (7) In paragraph 20(4), for “under section 99 of the 1990 Act (disposal receipts in relation to mineral extraction allowances)” substitute “in accordance with sections 421 to 425 of the Capital Allowances Act (mineral extraction allowances: disposal receipts)”.
- (8) In paragraph 20(5)—
- (a) in paragraph (a), for “Part V of the 1990 Act (agricultural buildings etc.)” substitute “Part 4 of the Capital Allowances Act (agricultural buildings allowances)” and for “section 129(2)” substitute “section 382”,
 - (b) in paragraph (b), for “the Capital Allowances Acts” substitute “that Act”, and
 - (c) for “section 128(2) of that Act (calculation of balancing allowance or charge)” substitute “section 385 of the Capital Allowances Act (calculation of balancing adjustment)”.
- (9) In paragraph 20(6)—
- (a) in paragraph (a), for “relevant event for the purposes of section 138 of the 1990 Act (assets representing allowable scientific research expenditure ceasing to belong to traders)” substitute “disposal event for the purposes of Chapter 3 of Part 6 of the Capital Allowances Act (research and development allowances: allowances and charges)”,
 - (b) in paragraph (b), for “subsection (2) of that section” substitute “that Chapter”, and
 - (c) for “that section” substitute “that Chapter”.
- (10) In paragraph 20(7)—
- (a) for “the 1990 Act” substitute “the Capital Allowances Act”, and
 - (b) for “section 157(1)(a)” substitute “section 568(1)(a)”.
- (11) In paragraph 21(2), for “the Capital Allowances Acts” substitute “the Capital Allowances Act”.
- (12) In paragraph 21(3)—
- (a) for “Chapter VI of Part II of the 1990 Act” substitute “Chapter 14 of Part 2 of the Capital Allowances Act”,
 - (b) for “the Capital Allowances Acts” substitute “the Capital Allowances Act”,
 - (c) for “they did” substitute “it did”, and
 - (d) for “those Acts” substitute “that Act”.
- (13) In paragraph 21(4)—
- (a) for “section 61 of the 1990 Act” substitute “section 70 of the Capital Allowances Act”,
 - (b) for “the Capital Allowances Acts” substitute “the Capital Allowances Act”,
 - (c) for “machinery or plant” (in each place) substitute “plant or machinery”.
- (14) In paragraph 22, for “Part II of the 1990 Act” substitute “Part 2 of the Capital Allowances Act”.

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The Atomic Energy Authority Act 1995 (c. 37)

Schedule 3 (taxation provisions)

94 (1) In paragraph 14(1), for the definition of “the Capital Allowances Acts” substitute—

““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act 2001.”

(2) In paragraph 14(3), for “Capital Allowances Acts” substitute “ Capital Allowances Act ”.

(3) For paragraph 15 substitute—

Industrial buildings

“15 Where any transfer effected by a transfer scheme is a relevant event for the purposes of section 311 of the Capital Allowances Act, the Secretary of State may for the purposes of that section by order make provision specifying the values to be assigned to RQE and B in relation to that event.”

(4) In paragraph 16—

- (a) for the heading substitute “ Plant and machinery ”, and
- (b) for “Part II of the Capital Allowances Act 1990 (capital allowances in respect of machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.

(5) For paragraph 17 substitute—

Research and development

“17 (1) For the purposes of Part 6 of the Capital Allowances Act (research and development allowances) a successor company in which an asset representing allowable research and development expenditure is vested in accordance with a transfer scheme shall be treated as having incurred, on the date on which the transfer scheme comes into force, capital expenditure of the prescribed amount on the research and development in question; and that research and development shall be taken to have been directly undertaken by the successor company or on its behalf.

(2) In sub-paragraph (1) above “allowable research and development expenditure” means capital expenditure incurred by the Authority on research and development directly undertaken by the Authority or on their behalf.

(3) In this paragraph—

“asset” includes part of an asset;

“research and development” has the same meaning as in Part 6 of the Capital Allowances Act;

and references to expenditure incurred on research and development shall be construed in accordance with section 438 of that Act.”

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- (6) In paragraph 18(1), for “section 520 of the 1988 Act (allowances for expenditure on purchase of patent rights)” substitute “ section 468 of the Capital Allowances Act (qualifying trade expenditure) ”.
- (7) In paragraph 18(2), for “section 533 of the 1988 Act” substitute “ section 464(2) of the Capital Allowances Act ”.
- (8) In paragraph 19(1), for “section 530 of the 1988 Act (disposal of know-how)” substitute “ section 454 of the Capital Allowances Act (qualifying expenditure) ”.
- (9) In paragraph 19(2), after “Subsections (2) and (7) of section 531 of the 1988 Act (provisions supplementary to section 530)” insert “ and subsections (2) and (3) of section 455 of the Capital Allowances Act (excluded expenditure) ”.
- (10) In paragraph 19(3), for “section 533(7) of the 1988 Act” substitute “ section 452(2) of the Capital Allowances Act ”.
- (11) In paragraph 20, for “Part II of the Capital Allowances Act 1990 (machinery and plant)” substitute “ Parts 2, 7 and 8 of the Capital Allowances Act (plant and machinery, know-how and patents) ”.
- (12) In paragraph 22, for “Capital Allowances Acts” substitute “ Capital Allowances Act ”.

The Finance Act 1996 (c. 8)

Section 151 (benefits under pilot schemes)

- 95 In subsection (2), for “section 153 of the Capital Allowances Act 1990 (subsidies etc.)” substitute “ section 532 of the Capital Allowances Act (exclusion of expenditure met by contributions) ”.

Schedule 8 (loan relationships)

- 96 In paragraph 3(6)(c)(i), for “section 28 of the Capital Allowances Act 1990 (machinery and plant of investment companies)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.

The Broadcasting Act 1996 (c. 55)

Schedule 7 (transfer schemes relating to BBC transmission network: taxation provisions)

- 97 (1) in paragraph 1(1), omit the definition of “the Allowances Act” and for the definition of “the Capital Allowances Acts” substitute—
- ““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001.”
- (2) In paragraph 1(3)(b), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 12(3)—

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- (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (b) for “those Acts” substitute “ that Act ”.
- (4) In paragraph 13(1)—
- (a) in the heading, omit “and structures”, and
 - (b) for “Part I of the Allowances Act (industrial buildings and structures)” substitute “ Part 3 of the Capital Allowances Act (industrial buildings allowances) ”.
- (5) In paragraph 13(2), for “Part I of the Allowances Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (6) In paragraph 14(1)—
- (a) in the heading, for “machinery and plant” substitute “ plant and machinery ”, and
 - (b) for “Part II of the Allowances Act (capital allowances in respect of machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.
- (7) In paragraph 15(2)—
- (a) for “paragraphs (a) and (b) of subsection (1) of section 55 of the Allowances Act (expenditure incurred by incoming lessee: transfer of allowances)” substitute “ section 183(1)(a) and (b) of the Capital Allowances Act (incoming lessee where lessor entitled to allowances) ”,
 - (b) for “Part II” substitute “ Part 2 ”, and
 - (c) for “subsection (4)(a)” substitute “ subsection (1)(d) ”.
- (8) In paragraph 15(3)—
- (a) for “paragraphs (a), (c) and (d) of section 56 of the Allowances Act (expenditure incurred by incoming lessee: lessor not entitled to allowances)” substitute “ section 184(1)(a) to (c) of the Capital Allowances Act (incoming lessee where lessor not entitled to allowances) ”, and
 - (b) for “Part II” substitute “ Part 2 ”.
- (9) In paragraph 16, for “Part II of the Allowances Act (machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.
- (10) For paragraph 17 substitute—

Capital allowances: agricultural buildings allowances

- “17 (1) This paragraph applies where there is a relevant transfer of property which is the relevant interest in relation to any expenditure for which the BBC would be entitled to an allowance (other than a balancing allowance) under Part 4 of the Capital Allowances Act (agricultural buildings allowances).
- (2) Where this paragraph applies, then, as respects the transferee—
- (a) his acquisition of the relevant interest shall be treated for the purposes of Part 4 of the Capital Allowances Act as a balancing event within subsection (2)(a) of section 381 (regardless of the lack of any election); and
 - (b) section 376(2) shall apply as if—

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- (i) the value to be assigned to RQE (residue of qualifying expenditure immediately after event) were the prescribed amount; and
 - (ii) the value to be assigned to B (remaining writing-down period) were such as the Secretary of state may by order specify.
- (3) This paragraph shall not have effect in relation to any property if paragraph 12(3) has effect in relation to it.”

The Finance Act 1997 (c. 16)

Schedule 12 (leasing arrangements: finance leases and loans)

- 98 (1) For paragraph 11(3)(a) to (c) substitute—
- “(a) Part 2 of the Capital Allowances Act (plant and machinery allowances),
 - (b) Part 5 of that Act (mineral extraction allowances), or
 - (c) Part 8 of that Act (patent allowances)”.
- (2) In paragraph 11(8), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ” and omit “or its basis period”.
- (3) For paragraph 11(9)(a) and (b) substitute “ section 40B(1) or 42 of the Finance (No. 2) Act 1992 (expenditure in connection with films etc.), ”.
- (4) In paragraph 11(10), for “under section 68(8) of the Capital Allowances Act 1990” substitute “ under section 40A(2) of the Finance (No. 2) Act 1992 ”.
- (5) In paragraph 11(13), for “section 154 of the Capital Allowances Act 1990” substitute “ sections 537 to 542 of the Capital Allowances Act ”.
- (6) For paragraph 11(14) substitute—
- “(14) In sub-paragraph (8) above—
 - “the Capital Allowances Act” includes enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act;
 - “chargeable period” has the meaning given by section 6 of the Capital Allowances Act.”.
- (7) Omit paragraph 11(15).

The Finance (No. 2) Act 1997 (c. 58)

Section 48 (films: relief for production or acquisition expenditure)

- 99 (1) In subsection (1), for “section 68(3) to (6) of the 1990 Act, section” substitute “ section 40B or ”.
- (2) For subsection (9) substitute—
- “(9) Subsections (1) to (5) of section 5 of the Capital Allowances Act 2001 (when capital expenditure is incurred) apply for determining when for the purposes

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of this section any expenditure is incurred as they apply for determining when for the purposes of that Act any capital expenditure is incurred, but as if, in subsection (6) of that section, “at an earlier time” were substituted for “in an earlier chargeable period”.

The Finance Act 1998 (c. 36)

Section 117 (company tax returns, assessments and related matters)

- 100 (1) In subsection (1), at the end of paragraph (b), insert “ and ”.
- (2) For subsection (1)(d) and the word “and” before it substitute—
 - “and also make provision in relation to claims for allowances under the Capital Allowances Act.”

Section 118 (claims for income tax purposes)

- 101 In subsection (5)(b), for “the Capital Allowances Act 1990” substitute “ the Capital Allowances Act ”.

Schedule 6 (adjustment on change of accounting basis)

^{F62}102

Textual Amendments

F62 Sch. 2 para. 102 repealed (with effect as mentioned in s. 64(6), Sch. 22 paras 16, 17 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 141](#), (Sch. 40 Pt. 3(8) Note 2)

Schedule 18 (company tax returns, assessments and related matters)

- 103 (1) For paragraph 78 (application of Part IX of the Schedule) substitute—
 - “78 This Part of this Schedule applies to claims for allowances under the Capital Allowances Act which—
 - (a) are made for corporation tax purposes, and
 - (b) are required under section 3 of that Act to be included in a tax return.”
- (2) For paragraph 79(1) (claim to be included in company tax return) substitute—
 - “79 (1) A claim for capital allowances must be included in the claimant company’s company tax return for the accounting period for which the claim is made.”

The Finance Act 1999 (c. 16)

Schedule 6 (tax treatment of receipts by way of reverse premium)

- 104 In paragraph 5, for “section 153 of the Capital Allowances Act 1990 (subsidies, contributions, etc.)” substitute “ section 532 of the Capital Allowances Act (the general rule excluding contributions) ”.

Status: Point in time view as at 21/07/2008.

Changes to legislation: *Capital Allowances Act 2001 is up to date with all changes known to be in force on or before 02 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)*

The Greater London Authority Act 1999 (c. 29)

Schedule 33 (taxation)

- 105 (1) In paragraph 4(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act 2001 ”.
- (2) In paragraph 4(8), for “section 77 of the Capital Allowances Act 1990 (successions to trades: connected persons)” substitute “ section 266 of the Capital Allowances Act 2001 (election where predecessor and successor are connected persons) ”.
- (3) For paragraph 4(9) substitute—
- “(9) Except as provided by this paragraph, a qualifying transfer in relation to which this paragraph applies shall be taken for the purposes of the Capital Allowances Act 2001 not to give rise to—
- (a) any writing-down allowances, balancing allowances or balancing charges under Chapter 5 of Part 2 of that Act (plant and machinery allowances and charges),
 - (b) any disposal value being treated as received for the purposes of that Chapter,
 - (c) any qualifying expenditure being treated as incurred for the purposes of that Chapter, or
 - (d) any writing-down allowances, balancing allowances or balancing charges under Part 3 of that Act (industrial buildings allowances).
- (10) In this paragraph and paragraph 10 below “the Capital Allowances Act 2001” includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001.”
- (4) In paragraph 10(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act 2001 ”.
- (5) In paragraph 10(9), for “section 77 of the Capital Allowances Act 1990 (successions to trades: connected persons)” substitute “ section 266 of the Capital Allowances Act 2001 (election where predecessor and successor are connected persons) ”.
- (6) For paragraph 10(10) substitute—
- “(10) Except as provided by this paragraph, a relevant transfer in relation to which this paragraph applies shall be taken for the purposes of the Capital Allowances Act 2001 not to give rise to—
- (a) any writing-down allowances, balancing allowances or balancing charges under Chapter 5 of Part 2 of that Act (plant and machinery allowances and charges),
 - (b) any disposal value being treated as received for the purposes of that Chapter,
 - (c) any qualifying expenditure being treated as incurred for the purposes of that Chapter, or
 - (d) any writing-down allowances, balancing allowances or balancing charges under Part 3 of that Act (industrial buildings allowances).”

(7) In paragraph 11(2)—

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- (a) for “Part I of the Capital Allowances Act 1990” substitute “ Part 3 of the Capital Allowances Act 2001 ”, and
 - (b) for “Chapter VI of Part II” substitute “ Chapter 14 of Part 2 ”.
- (8) In paragraph 11(4)—
- (a) for “Part I of the Capital Allowances Act 1990” substitute “ Part 3 of the Capital Allowances Act 2001 ”,
 - (b) for “Chapter VI of Part II of the Capital Allowances Act 1990” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act 2001 ”, and
 - (c) for “section 51(3)” substitute “ section 175(1) ”.
- (9) In paragraph 12(1)—
- (a) omit paragraph (a),
 - (b) for “section 52(2)” substitute “ section 176(2) or (3) ”, and
 - (c) for “section 60” substitute “ sections 67 and 68. ”
- (10) In paragraph 12(2)—
- (a) for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”, and
 - (b) for “section 26(1)(f)” substitute “ item 7 in the Table in section 61(2) ”.

The Finance Act 2000 (c. 17)

Section 105 (corporation tax: use of currencies other than sterling)

106 In subsection (3), for “any of the items referred to in section 25(1) of the Capital Allowances Act 1990 which fall to be taken into account” substitute “ any amount falls to be taken into account under Chapter 5 of Part 2 of the Capital Allowances Act as available qualifying expenditure ”.

Schedule 12 (provision of services through an intermediary)

F63 107

Textual Amendments

F63 Sch. 2 para. 107 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 8 Pt. 1](#) (with [Sch. 7](#))

Schedule 22 (tonnage tax)

- 108 (1) In paragraph 41(4), for “section 82A of the Capital Allowances Act 1990” substitute “ section 219 of the Capital Allowances Act 2001 ”.
- (2) For paragraph 69(2) substitute—
- “(2) In this paragraph “unrelieved qualifying expenditure” has the same meaning as in Chapter 5 of Part 2 of the Capital Allowances Act 2001.”
- (3) In paragraph 69(4), for paragraphs (a) and (b) substitute “ section 130 of the Capital Allowances Act 2001 (notice postponing first-year or writing-down allowance) ”.

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(4) For paragraph 70(2) substitute—

“(2) Sections 61(1)(e), 206(3) and 207 of the Capital Allowances Act 2001 (effect of use partly for qualifying activity and partly for other purposes) apply as follows—

- (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
- (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”

(5) In paragraph 72(1), for “sections 33A to 33F of the Capital Allowances Act 1990” substitute “ sections 135 to 156 of the Capital Allowances Act 2001 ”.

(6) For paragraph 73(2) substitute—

“(2) Sections 206(1), (2) and (4) and 207 of the Capital Allowances Act 2001 (operation of single asset pool for mixed use assets) apply as follows—

- (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
- (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”

(7) For paragraph 75(2) and (3) substitute—

“(2) If the asset was acquired before entry into tonnage tax, section 61(1)(e) of the Capital Allowances Act 2001 applies (disposal event if plant or machinery begins to be used wholly or partly for purposes other than those of the qualifying activity), but reading the reference in that provision to the qualifying activity as a reference to the tonnage tax trade.

(3) If the asset was acquired after entry into tonnage tax and begins to be used wholly or partly for the purposes of a qualifying activity carried on by the company, section 13 of the Capital Allowances Act 2001 (use for qualifying activity of plant or machinery provided for other purposes) applies as follows—

- (a) references to purposes which were not those of any qualifying activity shall be read as including references to the purposes of the tonnage tax trade, and
- (b) references to the qualifying activity carried on by him shall be read as not including references to the tonnage tax trade.”

(8) For paragraph 76(2) substitute—

“(2) Sections 61(1)(e), 206(3) and 207 of the Capital Allowances Act 2001 (effect of use partly for qualifying activity and partly for other purposes) apply as follows—

- (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
- (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”

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- (9) In paragraph 77(2), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ” and for “references in that Part of that Act to a trade” substitute “ references in that Part of that Act to a qualifying activity ”.
- (10) In paragraph 80(2), for “section 24(6)(c)(i) to (iii) of the Capital Allowances Act 1990” substitute “ section 61(1)(a) to (d) of the Capital Allowances Act 2001 ”.
- (11) In paragraph 80(4), for “Sections 33A to 33F of the Capital Allowances Act 1990” substitute “ Sections 135 to 156 of the Capital Allowances Act 2001 ”.
- (12) For paragraph 82 substitute—
- “82 If any identifiable part of a building or structure is used for the purposes of a company’s tonnage tax trade, that part is treated for the purposes of Part 3 of the Capital Allowances Act 2001 as used otherwise than as an industrial building.”
- (13) In paragraph 83(1), for “disposal event occurs in relation to an industrial building or structure” substitute “ balancing event occurs in relation to an industrial building ”.
- (14) For the first sentence of paragraph 83(2) substitute—
- “(2) A “balancing event” means an event by reason of which the company is required by Part 3 of the Capital Allowances Act 2001 to bring into account any proceeds.”
- (15) For paragraph 83(3)(a) substitute—
- “(a) the proceeds to be brought into account in respect of the industrial building are limited to the market value of the relevant interest when the company entered tonnage tax; and”.
- (16) In paragraph 84(1), omit “or structure”.
- (17) In paragraph 84(2), for “The provisions of section 8(1) to (12) of the Capital Allowances Act 1990 (writing off of expenditure and meaning of “residue of expenditure”)” substitute “ Section 313 and Chapter 8 of Part 3 of the Capital Allowances Act 2001 (meaning of “residue of qualifying expenditure” and writing off qualifying expenditure) ”.
- (18) In paragraph 85(1), for “Part II of the Capital Allowances Act 1990 (plant and machinery)” substitute “ Part 2 of the Capital Allowances Act 2001 (plant and machinery allowances) ”.
- (19) In paragraph 86(1), for “Part I of the Capital Allowances Act 1990 (industrial buildings)” substitute “ Part 3 of the Capital Allowances Act 2001 (industrial buildings allowances) ”.
- (20) For paragraph 87(1)(b) substitute—
- “(b) the expenditure shall be disregarded for the purposes of calculating the person’s entitlement to a writing-down allowance or balancing allowance or liability to a balancing charge.”
- (21) In paragraph 88(1), for the definitions of “capital allowance” and “qualifying activity” substitute—
- ““capital allowance” means any allowance under the Capital Allowances Act 2001;

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“qualifying activity” means any activity in respect of which a person may be entitled to a capital allowance;”.

(22) For paragraph 88(2) and (3) substitute—

“(2) In this Part of this Schedule any reference to pooling or to single asset pools, class pools or the main pool shall be construed in accordance with sections 53 and 54 of the Capital Allowances Act 2001.”

(23) In paragraph 88(4), for “the Capital Allowances Act 1990” substitute “ the Capital Allowances Act 2001 ”.

(24) In paragraph 89(1), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.

(25) In paragraph 89(2), for “section 82A of the 1990 Act” substitute “ section 219 of that Act ”.

(26) In paragraph 92(4), for “belonging to him for the purposes of Part II of the Capital Allowances Act 1990” substitute “ owned by him for the purposes of Part 2 of the Capital Allowances Act 2001 ”.

(27) In paragraph 94(4), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.

(28) In paragraph 96(2), for “the Capital Allowances Act 1990” substitute “ the Capital Allowances Act 2001 ”.

(29) In paragraph 100(2)(b)(ii), for “section 30(1)(a) or (c) of the Capital Allowances Act 1990” substitute “ section 130 of the Capital Allowances Act 2001 ”.

(30) In paragraph 100(3), for “the balance that would otherwise have been carried forward under Part II of the Capital Allowances Act 1990” substitute “ the unrelieved qualifying expenditure that would otherwise have been carried forward under Chapter 5 of Part 2 of the Capital Allowances Act 2001 ”.

(31) In paragraph 110(2), for “the provisions of Part II of the Capital Allowances Act 1990 apply” substitute “ Part 2 of the Capital Allowances Act 2001 applies ”.

(32) In paragraph 110(4)—

(a) for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”, and

(b) for “section 24(6)(c)” substitute “ section 61(1) ”.

(33) For paragraph 112(3) substitute—

“(3) In this paragraph “unrelieved qualifying expenditure” means the unrelieved qualifying expenditure that would otherwise have been carried forward under Chapter 5 of Part 2 of the Capital Allowances Act 2001.”

(34) In paragraph 112(5), for paragraphs (a) and (b) substitute “ section 130 of the Capital Allowances Act 2001 (notice postponing first-year or writing-down allowance) ”.

(35) In paragraph 113(2), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.

(36) In paragraph 135—

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- (a) for “Part II of the Capital Allowances Act 1990 (plant and machinery)” substitute “ Part 2 of the Capital Allowances Act 2001 (plant and machinery allowances) ”, and
- (b) for “unrelieved qualifying expenditure under Part I of that Act (industrial buildings)” substitute “ the residue of qualifying expenditure under Part 3 of that Act (industrial buildings allowances) ”.

The Transport Act 2000 (c. 38)

Schedule 26 (transfers: tax)

- 109 (1) In paragraph 1(1)—
- (a) omit the definition of “the 1990 Act”,
 - (b) for the definition of “the Capital Allowances Acts” substitute—

““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act 2001,”
- and
- (c) in the definition of “fixture”, for “Chapter VI of Part II of the 1990 Act” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act ”.
- (2) In paragraph 1(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 5(1)(b), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ” and for “Part II of the 1990 Act” substitute “ Part 2 of that Act ”.
- (4) In paragraph 5(1)(c), for “those Acts” substitute “ that Act ”.
- (5) In paragraph 5(2)—
- (a) for “those Acts” substitute “ the Capital Allowances Act ”, and
 - (b) for “section 54 of the 1990 Act” substitute “ sections 181(1) and 182(1) of that Act ”.
- (6) In paragraph 6, for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.
- (7) In paragraph 13(1) and (2)(a), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (8) In paragraph 14(1)(c), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (9) In paragraph 14(1)(d), for “those Acts” substitute “ that Act ”.
- (10) In paragraph 14(2)—
- (a) for “those Acts” substitute “ the Capital Allowances Act ”,
 - (b) in paragraph (a), for “section 26(1) or 59 of the 1990 Act” substitute “ section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of that Act ”, and
 - (c) in paragraph (d), for “section 54 of the 1990 Act” substitute “ sections 181(1) and 182(1) of that Act ”.

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- (11) In paragraph 15, for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.
- (12) In paragraph 21(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (13) In paragraph 21(4), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (14) In paragraph 21(5)—
 - (a) for “machinery or plant” (in both places) substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ section 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (15) In paragraph 21(6), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.
- (16) In paragraph 21(7), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (17) In paragraph 21(8)—
 - (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”.
- (18) In paragraph 21(9), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (19) In paragraph 27(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (20) In paragraph 27(4), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (21) In paragraph 27(5)—
 - (a) for “machinery or plant”, in both places where it occurs, substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ section 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (22) In paragraph 27(6), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.

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- (23) In paragraph 27(7), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (24) In paragraph 27(8)—
- (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”
- (25) In paragraph 27(9), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (26) In paragraph 34(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (27) In paragraph 34(5), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (28) In paragraph 34(6)—
- (a) for “machinery or plant” (in both places) substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ sections 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (29) In paragraph 34(7), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.
- (30) In paragraph 34(8), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (31) In paragraph 34(9)—
- (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”.
- (32) In paragraph 34(10), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.

Status: Point in time view as at 21/07/2008.

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SCHEDULE 3

Section 579

TRANSITIONALS AND SAVINGS

PART 1

CONTINUITY OF THE LAW

- 1 The repeal of provisions and their enactment in a rewritten form in this Act does not affect the continuity of the law.
- 2 Paragraph 1—
- (a) does not apply to any change in the law effected by this Act, and
 - (b) is subject to paragraph 8.
- 3 Any subordinate legislation or other thing which—
- (a) has been made or done, or has effect as if made or done, under or for the purposes of a repealed provision, and
 - (b) is in force or effective immediately before the commencement of the corresponding rewritten provision,
- has effect after that commencement as if made or done under or for the purposes of the rewritten provision.
- 4 Any reference (express or implied) in any enactment, instrument or document to—
- (a) a rewritten provision, or
 - (b) things done or falling to be done under or for the purposes of a rewritten provision,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding repealed provision had effect, a reference to the repealed provision or (as the case may be) things done or falling to be done under or for the purposes of the repealed provision.
- 5 Any reference (express or implied) in any enactment, instrument or document to—
- (a) a repealed provision, or
 - (b) things done or falling to be done under or for the purposes of a repealed provision,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding rewritten provision has effect, a reference to the rewritten provision or (as the case may be) things done or falling to be done under or for the purposes of the rewritten provision.
- 6 Paragraphs 1 to 5 have effect instead of section 17(2) of the Interpretation Act 1978 (but are without prejudice to any other provision of that Act).
- 7 Paragraphs 4 and 5 apply only in so far as the context permits.

PART 2

CHANGES IN THE LAW

- 8 (1) This paragraph applies where, in the case of any person—
- (a) a thing is done or an event occurs before the relevant date, and

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- (b) by reason of a change in the law effected by this Act, the tax consequences of that thing or event for a relevant chargeable period are different from what they would otherwise have been.
- (2) If that person so elects, this Act has effect in relation to that period with such modifications as may be necessary to secure that those consequences are the same as they would have been without the change in the law.
- (3) If this paragraph applies in the case of two or more persons in relation to the same thing or event, an election made under sub-paragraph (2) by any one of those persons is of no effect unless a corresponding election is made by the other or each of the others.
- (4) An election under sub-paragraph (2) must be made by notice given to [^{F60}an officer of Revenue and Customs]—
- (a) for income tax purposes, within the normal time limit for amending a tax return for the tax year in which the chargeable period ends;
- (b) for corporation tax purposes, no later than 2 years after the end of the chargeable period.
- (5) In this paragraph—
- “relevant chargeable period” means—
- (a) in relation to a change effected by section 536(5)(a) or 537(4), the earliest chargeable period for which the tax consequences of the thing or event are different from what they would otherwise have been;
- (b) in relation to any other change, a chargeable period which begins before and ends on or after the relevant date;
- “the relevant date” means 6th April 2001 for income tax purposes and 1st April 2001 for corporation tax purposes.

Textual Amendments

F60 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), s. 53\(1\), Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

PART 3

GENERAL

Capital expenditure

- 9 Subsections (2) and (3) of section 4 apply with the omission of the words “or property business” in relation to expenditure incurred or sums paid or received before 26th November 1996.

Exclusion of double relief

- 10 Section 9 does not apply in relation to expenditure incurred before 24th July 1996.

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PART 4

PLANT AND MACHINERY ALLOWANCES

Introduction

Use for qualifying activity of plant or machinery provided for other purposes

- 11 Subsections (4) and (5) of section 13 do not apply if the plant or machinery was brought into use before 21st March 2000.

Use for qualifying activity of plant or machinery which is a gift

- 12 Section 14 applies with the insertion after subsection (1) of—
- “(1A) This section does not apply unless the donor was required by section 24(6) of CAA 1990 to bring into account for the purposes there mentioned a disposal value equal to the price which the plant or machinery would have fetched if sold in the open market at the time of the gift.”,
- if the plant or machinery was brought into use before 27th July 1989.

Qualifying expenditure

Buildings, structures and land

- 13 Sections 21 to 24 do not apply in relation to expenditure—
- (a) incurred before 30th November 1993;
 - (b) incurred before 6th April 1996 in pursuance of a contract entered into before 30th November 1993; or
 - (c) incurred before 6th April 1996 in pursuance of a contract entered into on or after 30th November 1993 for the purpose of securing that obligations under a contract entered into before 30th November 1993 are complied with.

First-year qualifying expenditure

ICT expenditure incurred by small companies

^{F64}14

Textual Amendments

F64 Sch. 3 para. 14 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 76(5)(f) (with s. 76(7)(8))

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Hire-purchase and similar contracts

Plant or machinery acquired under hire purchase etc.

- 15 Section 67(2) applies with the omission of the words in brackets if the contract under which the expenditure was incurred was entered into before 27th July 1989.

Plant or machinery on hire purchase etc.: fixtures

- 16 Section 69(2) does not apply if the plant or machinery became a fixture before 28th July 2000.

Plant or machinery provided by lessee

- 17 In section 70(1), paragraphs (c) and (d) do not apply if the lease was entered into before 12th July 1984, or on or after that date under an agreement made before that date.

Computer software

Software and rights to software

- 18 Section 71 does not apply to expenditure incurred before 10th March 1992.

Cars, etc.

Cars above the cost threshold

- 19 In relation to expenditure incurred or treated as incurred before 11th March 1992, or incurred under a contract entered into before that date—
- (a) sections 74(2) and 76(3) apply with the substitution of “ £8,000 ” for “£12,000”; and
 - (b) sections 75(1) and 76(2) and (4) apply with the substitution of “ £2,000 ” for “£3,000”.

Long-life assets

Long-life asset expenditure

- 20 (1) Chapter 10 of Part 2 does not apply to any expenditure incurred—
- (a) before 26th November 1996, or
 - (b) before 1st January 2001 in pursuance of a contract entered into before 26th November 1996.
- (2) Chapter 10 of Part 2 does not apply to expenditure incurred by any person (“the purchaser”) on the acquisition of a long-life asset from another (“the seller”) if—
- (a) the seller has made a Part 2 claim in respect of expenditure incurred on the provision of the asset (“the seller’s expenditure”),
 - (b) the claim is one which the seller was entitled to make,

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- (c) the seller's expenditure did not fall to be treated as long-life asset expenditure for the purposes of the claim, and
 - (d) the seller's expenditure would have been so treated if one or more of the assumptions specified in sub-paragraph (3) were made.
- (3) The assumptions are that—
- (a) expenditure falling within sub-paragraph (1) is not prevented by that sub-paragraph from being long-life asset expenditure,
 - (b) the seller's expenditure was not prevented by sub-paragraph (2) from being long-life asset expenditure, and
 - (c) Chapter 10 of Part 2 or any provision corresponding to it applied for chargeable periods ending before 26th November 1996.
- (4) The reference in sub-paragraph (1) to expenditure incurred in pursuance of a contract entered into before 26th November 1996 does not, in the case of a contract varied at any time on or after that date, include a reference to any expenditure incurred under the contract that exceeds the expenditure that would have been incurred if the contract had not been varied.
- (5) Expressions used in this paragraph and in Chapter 10 of Part 2 have the same meaning in this paragraph as in that Chapter; and in particular references in this paragraph to a "Part 2 claim" are to be read in accordance with section 103(3).

Overseas leasing

Meaning of "overseas leasing"

- 21 Section 105(2) applies with the substitution for paragraph (b) of—
- “(b) does not use the plant or machinery for the purposes of a qualifying activity carried on there or for earning profits chargeable to tax by virtue of section 830(4) of ICTA,”
- in relation to the use of plant or machinery for leasing under a lease entered into before 16th March 1993.

Recovery of first-year allowances in case of joint lessees

- 22 (1) Sub-paragraphs (2) and (3) apply if—
- (a) expenditure has been incurred on the provision of plant or machinery which is leased as described in section 116(1), and
 - (b) the whole or a part of the expenditure has qualified for a first-year allowance under—
 - (i) section 43(4) of CAA 1990, or
 - (ii) paragraph 47(7).
- (2) Section 117(1) applies as if the reference in paragraph (b) to expenditure qualifying for a normal writing-down allowance under section 116(3) included a reference to expenditure qualifying for the first-year allowance.
- (3) Subsections (3) to (5) of section 117 apply as if the reference in section 117(3)(b) to expenditure qualifying for a normal writing-down allowance under section 116(3) included a reference to expenditure qualifying for the first-year allowance.

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Letting ships or aircraft to obtain old first-year allowance not a qualifying purpose

- 23 Subsections (1) and (2) of section 123 do not apply if the main object, or one of the main objects—
- (a) of the letting of the ship or aircraft on charter,
 - (b) of a series of transactions of which the letting of the ship or aircraft on charter was one, or
 - (c) of any of the transactions in such a series,
- was to obtain a first-year allowance in respect of expenditure which was first-year qualifying expenditure under paragraph 47 and was incurred by any person on the provision of the ship or aircraft.

Ships: deferments etc.

Further registration requirement

- 24 Section 154 does not apply in the case of a ship that was brought into use before 20th July 1994 for the purposes of a qualifying activity carried on by the person incurring the expenditure on the provision of the ship or a person connected with him.

Mining and oil industries

Pre-trading expenditure on mineral exploration and access

- 25 Section 161 does not apply if—
- (a) the person incurred the pre-trading expenditure before 1st April 1986; and
 - (b) before the first day of trading, the mineral exploration and access at the source in question had ceased.

Abandonment expenditure incurred before cessation of ring fence trade

- 26 Section 164 does not apply if the chargeable period in which the abandonment expenditure was incurred ended before 1st July 1991.

Abandonment expenditure incurred after cessation of ring fence trade

- 27 Section 165 does not apply if the abandonment expenditure was incurred before 1st July 1991.

Oil production sharing contracts

- 28 Sections 167 to 171 do not apply if —
- (a) the expenditure was incurred before 21st March 2000; or
 - (b) the expenditure is treated as incurred by virtue of section 13 and the conditions mentioned in subsection (1) of that section were fulfilled before that date.

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Fixtures

Meaning of “interest in land” for purposes of Chapter 14 of Part 2 (fixtures)

- 29 (1) Sub-paragraph (2) applies if paragraph 51 of Schedule 12 to the Abolition of Feudal Tenure etc. (Scotland) Act 2000 has not come into force before the commencement of section 175.
- (2) Section 175(1) has effect until the appointed day as if for paragraph (b) there were substituted—
- “(b) in Scotland, the estate or interest of the proprietor of the dominium utile (or, in the case of property other than feudal property, of the owner) and any agreement to acquire such an estate or interest.”
- (3) In sub-paragraph (2) “the appointed day” means such day as may be appointed by the Scottish Ministers under section 71 of the Abolition of Feudal Tenure etc. (Scotland) Act 2000 for the coming into force of the Act.

Subordinate Legislation Made

P1 Sch. 3 para. 29: 28.11.2004 appointed under [2000 asp 5, s. 71](#) by [S.S.I. 2003/456, art. 2](#)

Equipment lessors

- 30 Section 177(1)(a)(i) does not apply if the agreement for the lease of the plant or machinery was entered into before 19th March 1997.

Equipment lessee has qualifying activity etc.

- 31 Section 178 applies—
- (a) if the agreement for the lease of the plant or machinery was entered into before 19th March 1997, with the omission of the words “which is or is to be” in paragraph (a) and the addition of the word “ and ” at the end of that paragraph; and
- (b) if that expenditure was incurred before 24th July 1996, with the omission of paragraph (c) and the substitution for paragraph (b) of—
- “(b) if the equipment lessee had incurred the capital expenditure incurred by the equipment lessor on the provision of the plant or machinery, he would, by virtue of section 176, be treated as the owner of the fixture as a result of incurring the expenditure”.

Equipment lessor has right to sever fixture that is not part of building

- 32 Section 179(1) does not apply if the agreement for the lease of the plant or machinery was entered into before 19th March 1997 and applies with—
- (a) the addition at the end of paragraph (e) of the word “ and ”, and
- (b) the omission of paragraph (g) and the word “and” immediately before it, if the expenditure of the equipment lessor was incurred before 24th July 1996.

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Equipment lease is part of affordable warmth programme

- 33 Section 180 does not apply if the expenditure of the equipment lessor was incurred before 28th July 2000.

Purchaser of land giving consideration for fixture

- 34 Section 181 applies with—
- (a) the omission of the word “and” at the end of paragraph (b) of subsection (1); and
 - (b) the insertion after that paragraph of—
 - “(bb) at the time of the purchasers’ acquisition of the interest, either no person has previously become entitled to an allowance in respect of any capital expenditure incurred on the provision of the fixture or, if any person has become so entitled, that person has been or is required to bring the disposal value of the fixture into account under Chapter 5, and”,
- if the purchaser acquired the interest in the relevant land before 24th July 1996.

Purchaser of land discharging obligations of equipment lessee

- 35 Section 182 applies with—
- (a) the omission of the word “and” at the end of paragraph (c) of subsection (1); and
 - (b) the insertion after that paragraph of—
 - “(cc) at the time of the purchasers’ acquisition of the interest, either no person has previously become entitled to an allowance in respect of any capital expenditure incurred on the provision of the fixture or, if any person has become so entitled, that person has been or is required to bring the disposal value of the fixture into account under Chapter 5, and”,
- if the purchaser acquired the interest in the relevant land before 24th July 1996.

Incoming lessee where lessor entitled to allowances

- 36 Section 183 applies with the insertion after subsection (2) of—
- “(3) No election may be made under this section if it appears that the sole or main benefit that may be expected to accrue to the lessor from the grant of the lease and the making of an election is the obtaining of an allowance or deduction or a greater allowance or deduction or the avoidance or reduction of a charge under this Part.”,
- if the person who had the interest in the relevant land granted the lease before 24th July 1996.

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Incoming lessee where lessor not entitled to allowances

- 37 Section 184 applies with—
- (a) the omission of the word “and” at the end of paragraph (c) of subsection (1); and
 - (b) the insertion after that paragraph of—
 - “(cc) at the time of the grant of the lease, no person has previously become entitled to an allowance in respect of any capital expenditure incurred on the provision of the fixture, and”,
- if the person who had the interest in the relevant land granted the lease before 24th July 1996.

Fixture on which a plant and machinery allowance has been claimed

- 38 Section 185 does not apply if the disposal event which required the disposal value to be brought into account as mentioned in subsection (1)(d) occurred before 24th July 1996.

Fixture on which industrial buildings allowance has been made

- 39 Section 186 does not apply if the time mentioned in subsection (1)(c)(ii) is before 24th July 1996.

Fixture on which research and development allowance has been made

- 40 Section 187 does not apply if the time mentioned in subsection (1)(d)(ii) is before 24th July 1996.

Disposal value in relation to fixtures: general

- 41 In relation to a fixture which a person is treated as ceasing to own before 24th July 1996, section 196 applies with the substitution for subsection (6) of—
- “(6) If—
- (a) a person (“the former owner”) is treated by virtue of section 188, 190 or 191 as ceasing to own a fixture,
 - (b) another person incurs expenditure on the provision of the fixture, and
 - (c) the former owner brings a disposal value into account under Chapter 5,
- there is to be disregarded for the purposes of this Part so much (if any) of that expenditure as exceeds that disposal value.
- (7) In relation to expenditure incurred before 27th July 1989, subsection (6) has effect with the substitution for the words following “the fixture” in paragraph (b) of the words “there is to be disregarded for the purposes of this Part so much (if any) of that expenditure as exceeds the disposal value which the former owner is required to bring into account under Chapter 5”.

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Assets provided or used only partly for qualifying activity

Effect of significant reduction in use for purposes of qualifying activity

42 Section 208 does not apply if the change of circumstances referred to in subsection (1)(b) of that section occurs before 21st March 2000.

Anti-avoidance

Relevant transactions: sale, hire-purchase (etc.) and assignment

43 Section 213(3) does not apply if the plant or machinery was brought into use before 27th July 1989.

Hire purchase etc. and finance leases

44 Sections 220 and 229 do not apply in relation to expenditure incurred before 2nd July 1997, or in the 12 months beginning with that date in pursuance of a contract entered into before that date.

Sale and finance leasebacks

45 Sections 221, 222 and 224 to 226 do not apply in relation to expenditure incurred before 2nd July 1998 if the relevant transaction—
(a) is a purchase under a contract entered into before 2nd July 1997;
(b) is itself a contract entered into before that date; or
(c) is an assignment made before that date, or in pursuance of a contract entered into before that date.

Additional VAT liabilities and rebates

Expenditure which is first-year qualifying expenditure: general

F6546

Textual Amendments
F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 76(4) (with s. 76(7)(8))

Expenditure incurred 1992-93

F6547

Textual Amendments
F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 76(4) (with s. 76(7)(8))

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Expenditure by small or medium-sized enterprises, 1997-98

F6548

Textual Amendments

F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

Whether a company is a member of large or medium-sized group

F6549

Textual Amendments

F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

Expenditure which is not first-year qualifying expenditure

F6550

Textual Amendments

F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

Anti-avoidance

F6551

Textual Amendments

F65 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

Supplementary provisions

Successions by beneficiaries

52 Section 266(7) does not apply if the succession occurred before 27th July 1989.

53 Subsections (6) and (7) of section 268 do not apply if the election under that section was made before 6th April 1990.

General

Vehicles provided by employees in 1990-91

54 (1) This paragraph applies if—
(a) at the beginning of the tax year 1990-91 machinery consisting of a mechanically propelled road vehicle was provided by a person for use in the performance of the duties of an office or employment held by him, and

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- (b) the machinery was also provided by him at the end of the tax year 1989-90 for use in the performance of the duties of that office or employment but without that provision being necessary.
- (2) Part 2 of this Act has effect as if the person had incurred capital expenditure on the provision of the machinery for the purposes of the office or employment in the tax year 1990-91—
- (a) the amount of that expenditure being taken as the price which the machinery would have fetched if sold in the open market on 6th April 1990, and
- (b) the person being treated as owning the machinery as a result of his having incurred that expenditure.

Certain expenditure incurred before 6th April 1976

- 55 Part 2 of this Act does not apply to capital expenditure—
- (a) which was not eligible expenditure within the meaning of section 39 of FA 1976 (which brought expenditure previously not within Chapter I of Part III of FA 1971 within that Chapter but with certain exceptions), and
- (b) which was incurred in a chargeable period ending before 6th April 1976.

PART 5

INDUSTRIAL BUILDINGS ALLOWANCES

Industrial buildings

Bridge undertakings

^{F66}56

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Building used by more than one licensee

^{F66}57

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying hotels

^{F66}58

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Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Non-industrial part of building disregarded

F6659

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying expenditure

Purchase of used building from developer

F6660

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying enterprise zone expenditure

F6661

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

F6662

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

F6663

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

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Initial allowances

Building occupied by qualifying licensee

F66⁶⁴

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Grants affecting entitlement to initial allowances

F66⁶⁵

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Writing-down allowances

Basic rule for calculating amount of allowance

F66⁶⁶

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Calculation of amount after relevant event

F66⁶⁷

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Balancing adjustments

When balancing adjustments are made

F66⁶⁸

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Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Net allowance given

F6669

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

F6670

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Balancing adjustment on realisation of capital value

F6671

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Writing off qualifying expenditure

Writing off qualifying expenditure when building not an industrial building

F6672

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Crown or other person not within the charge to tax entitled to the relevant interest

F6673

Status: Point in time view as at 21/07/2008.

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Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

Highway undertakings

Special provisions relating to highway concessions

F6674

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

Additional VAT liabilities and rebates

Additional VAT liabilities and initial allowances: 1992-93 cases

F6675

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

Additional VAT liabilities and initial allowances: further case

F6676

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

1992-93 qualifying expenditure

F6677

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

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Supplementary provisions

Arrangements having an artificial effect on pricing

F6678

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

General

Expenditure on preparatory work on land where building used before 6th April 1956

F6679

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

PART 6

AGRICULTURAL BUILDINGS ALLOWANCES

Overall limit on balancing charge

F6680

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

Meaning of “freehold interest in land” for purposes of Part 4

F6681

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), **Sch. 27 para. 20(a)**

Exclusion of expenditure incurred before 1st April 1986

F6682

Status: Point in time view as at 21/07/2008.

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Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

The writing-down period

F6683

Textual Amendments

F66 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

PART 7

MINERAL EXTRACTION ALLOWANCES

Qualifying expenditure on acquiring a mineral asset

Qualifying expenditure where buildings or structures cease to be used

84 In section 405(3) “A” does not include, in cases where the buildings or structures have permanently ceased to be used for any purpose before 27th July 1989, the amount of any agricultural buildings allowances.

Qualifying expenditure: second-hand assets

Claims before 26th November 1996 in respect of acquisition of mineral asset owned by previous trader

85 Section 407(4) does not apply in relation to claims made before 26th November 1996.

Acquisition of oil licence from non-trader before 13th September 1995

86 Section 408 does not apply to acquisitions occurring before 13th September 1995.

Restrictions on qualifying expenditure in case of UK oil licence and certain other assets inapplicable for expenditure pre-16th July 1985

87 (1) The sections listed in sub-paragraph (2) do not apply if—
 (a) asset X is a mineral asset situated in the United Kingdom, and
 (b) the capital expenditure incurred by the buyer consists of the payment of sums under a contract entered into by him before 16th July 1985.

(2) The sections are—

(a) section 407 (acquisition of mineral asset owned by previous trader),

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- (b) section 410 (UK oil licence: qualifying expenditure limited by reference to original licence payment), and
 - (c) section 411 (assets generally: qualifying expenditure limited by reference to previous trader's unrelieved qualifying expenditure).
- (3) Sections 407 and 411 apply, in relation to a case where asset X is a mineral asset situated in the United Kingdom, as if the references to an earlier owner of the asset did not include a person who has not owned the asset at any time after 31st March 1986.
- (4) In the case of a mineral asset which consists of or includes an interest in or right over mineral deposits or land, the asset is not to be regarded for the purposes of this paragraph as situated in the United Kingdom unless the deposits or land are or is so situated.
- (5) Expressions used in this paragraph and Chapter 4 of Part 5 have the same meaning in this paragraph as they have in that Chapter.

Expenditure incurred pre-1st April 1986

- 88 (1) Part 5 of this Act does not apply in relation to expenditure incurred before 1st April 1986 ("old expenditure") except as provided by the following provisions of this paragraph.
- (2) Sections 401 and 402 apply to old expenditure if—
- (a) that expenditure was incurred on mineral exploration and access,
 - (b) immediately before 1st April 1986, no allowance had been made under Chapter III of Part I of CAA 1968 in respect of it, and
 - (c) after that day and before mineral exploration and access ceases at the source in question, the person by whom the expenditure was incurred began or begins to carry on a trade of mineral extraction.
- In this sub-paragraph "source" has the same meaning as it had in Schedule 14 to FA 1986.
- (3) For the purposes of Part 5—
- (a) expenditure which by virtue of any provision of section 119 of CAA 1990 (read with any provision of Schedule 14 to FA 1986) was treated immediately before the coming into force of this Act as expenditure incurred on 1st April 1986 for any purpose or purposes is to continue to be so treated;
 - (b) any allowances treated as having been made under Schedule 13 to FA 1986 is to continue to be so treated;
 - (c) any amount treated as qualifying expenditure for the purposes of that Schedule is to continue to be so treated; and
 - (d) in relation to any expenditure to which paragraph 6(4)(a) of Schedule 14 to FA 1986 applied, section 424 does not apply (so that no deduction is to be made from the amount of any disposal receipt by reference to the undeveloped market value of the land in question).
- (4) In the case of expenditure incurred in the acquisition of a mineral asset, nothing in sub-paragraph (3)(c) affects the time as at which under section 404 the undeveloped market value of an interest is to be determined.
- (5) In a case where—

Status: Point in time view as at 21/07/2008.

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- (a) by virtue of any provision of this paragraph, the whole or any part of the outstanding balance (within the meaning of paragraph 1 of Schedule 14 to FA 1986) of an item of old expenditure is treated for the purposes of Part 5 as qualifying expenditure, and
- (b) a balancing charge falls to be made under Chapter 6 of that Part in respect of the expenditure,

then, in determining the amount on which that charge falls to be made, subsection (4) of section 418 has effect (subject to sub-paragraph (6)) as if paragraph (b) of that subsection included a reference to allowances made in respect of the item under Chapter III of Part I of CAA 1968.

- (6) Where the qualifying expenditure in respect of which a balancing charge falls to be made represents part only of the outstanding balance of an item of old expenditure, the reference in sub-paragraph (5) to allowances made in respect of that item is to be construed as a reference to such part of those allowances as it is just and reasonable to apportion to that part of the balance (having regard to any apportionment made under paragraph 3(2) of Schedule 14 to FA 1986).

PART 8

RESEARCH AND DEVELOPMENT ALLOWANCES

Expenditure incurred partly on research and development

- 89 Section 439(4) does not apply to expenditure incurred before 27th July 1989.

References to research and development in relation to new trades

- 90 (1) Where—
- (a) a trade is set up and commenced in the year of assessment 1999-00, and
 - (b) its first period of account ends after 6th April 2001,
- Part 6 of this Act has effect in relation to that year as if references to research and development were references to scientific research.
- (2) In this paragraph “scientific research” means any activities in the fields of natural or applied science for the extension of knowledge.

Disposal of oil licences

- 91 (1) Sub-paragraphs (2) and (3) apply where—
- (a) a person (“the transferor”) disposes of any interest in an oil licence to another (“the transferee”) during the transitional period,
 - (b) part of the value of the interest is attributable to allowable exploration expenditure incurred by the transferor, and
 - (c) an election is made in accordance with this paragraph specifying an amount as the amount to be treated as so attributable.
- (2) Chapter 3 of Part 6 has effect in relation to the disposal as if—
- (a) the disposal were a disposal by which an asset representing the allowable exploration expenditure ceases to belong to the transferor, and

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- (b) the disposal value of that asset were an amount equal to the amount specified in the election.
- (3) For the purposes of Part 5 of this Act, the amount of any expenditure incurred—
 - (a) by the transferee in acquiring the interest from the transferor, or
 - (b) by any person subsequently acquiring the interest (or an interest deriving from the interest),which is taken to be attributable to expenditure incurred, before the disposal to the transferee, on mineral exploration and access is the lesser of the amount specified in the election and the amount which, apart from this sub-paragraph, would be taken to be so attributable.
- (4) An election—
 - (a) must be made by notice to [^{F67}the Commissioners for Her Majesty's Revenue and Customs] given by the transferor, and
 - (b) subject to sub-paragraph (5), does not have effect unless a copy of it is served on the transferee and the transferee consents to it.
- (5) If the Special Commissioners are satisfied—
 - (a) that the disposal was made under or in pursuance of an agreement entered into by the transferor and the transferee on the mutual understanding that a quantified (or quantifiable) part of the value of the interest disposed of was attributable to allowable exploration expenditure, and
 - (b) that the part quantified in accordance with that understanding and the amount specified in the election are the same,they may dispense with the need for the transferee to consent to the election.
- (6) Any question falling to be determined by the Special Commissioners under sub-paragraph (5) is to be determined by them in the same way as an appeal; but both the transferor and the transferee are entitled to appear and be heard by those Commissioners or to make representations to them in writing.
- (7) Subject to sub-paragraph (8), an election may specify any amount, including a nil amount, as the amount to be treated as mentioned in sub-paragraph (1)(c).
- (8) Where—
 - (a) a return has been made for a chargeable period of the transferor, and
 - (b) the return includes, at the time when it is made, an amount which, disregarding the provisions of this paragraph, would be treated under Chapter 3 of Part 6 as a trading receipt accruing in that period,the election must not specify an amount less than the amount included in the return unless [^{F67}the Commissioners for Her Majesty's Revenue and Customs] agrees the lesser amount in question.
- (9) An election made in accordance with this paragraph—
 - (a) is irrevocable, and
 - (b) may not be varied after it is made.
- (10) For the purposes of this paragraph a disposal is a disposal made during the transitional period if it is one made—
 - (a) before 13th September 1995, or

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- (b) on or after that date in pursuance of any obligation to make the disposal which, immediately before that date, was an unconditional obligation.
- (11) For the purposes of sub-paragraph (10), the fact that a third party who is not connected with the transferor or the transferee may, by exercising any right or withholding any permission, prevent the fulfilment of an obligation does not prevent the obligation from being treated as unconditional.
- (12) In sub-paragraph (11) the reference to a third party is a reference to any person, body, government or public authority, whether within or outside the United Kingdom.
- (13) In this paragraph—
“allowable exploration expenditure” has the same meaning as in section 555;
“mineral exploration and access” has the same meaning as in Part 5.
- (14) All such assessments and adjustments of assessments are to be made as are necessary to give effect to this paragraph.

Textual Amendments

F67 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(2\)](#); S.I. 2005/1126, art. 2(2)(h)

PART 9

PATENT ALLOWANCES

Expenditure incurred before 1st April 1986

Scope of paragraphs 93 to 101

- 92 (1) Paragraphs 93 to 101 apply to capital expenditure incurred by a person before 1st April 1986 on the purchase of patent rights.
- (2) Chapters 2 to 4 of Part 8 do not apply to such expenditure, except for certain provisions which are specifically applied by paragraph 101.

Qualifying expenditure and unrelieved qualifying expenditure

- 93 (1) In this paragraph and paragraphs 94 to 101, “qualifying expenditure” means capital expenditure incurred before 1st April 1986 on the purchase of patent rights.
- (2) The result of Steps 1 to 3 is the unrelieved qualifying expenditure for a chargeable period.

Step 1

Take an item of qualifying expenditure.

Step 2

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Subtract any writing-down allowances made in respect of that expenditure for earlier chargeable periods.

Step 3

If the person who incurred the expenditure sold any part of the patent rights before the beginning of the chargeable period, subtract the net proceeds of sale (so far as they consist of capital sums).

Entitlement to writing-down allowances

- 94 (1) A writing-down allowance is made for a chargeable period in respect of an item of qualifying expenditure if—
- (a) the chargeable period falls wholly or partly within the writing-down period for that expenditure (as determined in accordance with paragraph 95),
 - (b) paragraph 97 does not prohibit writing-down allowances for that period, and
 - (c) either—
 - (i) the trade use condition is met for that period, or
 - (ii) any income receivable by that person in respect of the patent rights in that period would be liable to tax.
- (2) The trade use condition is that—
- (a) the person is carrying on in the chargeable period a trade which is within the charge to tax, and
 - (b) at any time in the chargeable period the patent rights, or other rights out of which they were granted, were, or were to be, used for the purposes of the trade.
- (3) The total writing-down allowances made in respect of an item of qualifying expenditure (whether to the same or to different persons) must not exceed the amount of that expenditure.

The writing-down period

- 95 (1) The writing-down period for an item of qualifying expenditure—
- (a) begins at the beginning of the chargeable period in respect of which the expenditure is incurred, and
 - (b) is of a length determined in accordance with the Table, which shows the basic rule, and the rules which apply instead of the basic rule in the cases described in items 2 and 3.

Table

Length of writing-down periods for qualifying expenditure

Rule	Length of writing-down period
1. Basic rule.	17 years.
2. Patent rights are purchased for a specified period.	Whichever is shorter— <ul style="list-style-type: none">(a) 17 years;(b) the number of years comprised within the specified period.

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3. Patent rights begin one complete year or more after the commencement of the patent, and item 2 does not apply. 17 years, less the number of complete years which, when the rights began, have elapsed since the commencement of the patent; or if 17 complete years have so elapsed, one year.

- (2) For the purpose of determining the writing-down period, expenditure incurred for the purposes of a trade by a person about to carry on the trade is treated as if incurred on the first day on which that person carries on that trade, unless that person has by then sold all the rights on which the expenditure was incurred.
- (3) “The commencement of the patent”, means, in relation to a patent, the date as from which the patent rights become effective.

Calculation of writing-down allowances

- 96 (1) The basic rule for calculating a writing-down allowance for an item of qualifying expenditure is—

$$Ex \frac{C}{W}$$

where—

E is the amount of the qualifying expenditure;

C is the length of the part of the chargeable period falling within the writing-down period;

W is the length of the writing-down period.

- (2) The basic rule is subject to the rules about—
- (a) cessation of writing-down allowances (paragraph 97), and
 - (b) reduced writing-down allowances (paragraph 98).

End of writing-down allowances

- 97 (1) No writing-down allowance is to be made to a person for a chargeable period in respect of qualifying expenditure incurred on the purchase of patent rights if any of the following occur in that period—
- (a) the patent rights come to an end without being subsequently revived,
 - (b) the person sells all of those rights, or so much of them as that person still owned at the beginning of the chargeable period, or
 - (c) the person sells part of those rights, and the net proceeds of sale for that period (so far as they consist of capital sums) are not less than the amount of the unrelieved qualifying expenditure for that period.
- (2) If a writing-down allowance in respect of qualifying expenditure is prohibited by sub-paragraph (1) for a chargeable period, no writing-down allowance is to be made in respect of that expenditure for any subsequent chargeable period.

Reduced writing-down allowance

- 98 (1) If a person sells part of any patent rights in a chargeable period, and for that period U is greater than N, the writing-down allowance for that period is—

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$$\frac{U-N}{Y}$$

where—

U is the unrelieved qualifying expenditure for the chargeable period,
N is the net proceeds of any sales of the patent rights which take place in the chargeable period (so far as those proceeds consist of capital sums), and
Y is the number of complete years of the writing-down period remaining at the beginning of the chargeable period.

- (2) If an amount is calculated under sub-paragraph (1) for a chargeable period, that amount is also the amount of the writing-down allowance for subsequent chargeable periods until another sale in a period for which U is greater than N causes a fresh calculation to be made under sub-paragraph (1).
- (3) If a chargeable period is more or less than a year, an allowance calculated under sub-paragraph (1) or (2) is proportionately increased or reduced.

Balancing allowance on sale or expiry of patent rights

- 99 (1) A person is entitled to a balancing allowance for a chargeable period in respect of qualifying expenditure if there is unrelieved qualifying expenditure for that period and any of the following occur in that period—
- (a) the patent rights come to an end without subsequently being revived, or
 - (b) the person sells all of those rights, or so much of them as that person still owned at the beginning of the period.

This is subject to sub-paragraph (2).

- (2) The person is not entitled to a balancing allowance unless—
 - (a) a writing-down allowance has been given in respect of the expenditure, or
 - (b) a writing-down allowance could, but for the rights coming to an end or being sold, have been given in respect of the expenditure.
- (3) The amount of the balancing allowance is—
 - (a) in the case of a sale, equal to the unrelieved qualifying expenditure for the chargeable period, less the net proceeds of sales taking place in the chargeable period (so far as they consist of capital sums), and
 - (b) in any other case, equal to the unrelieved qualifying expenditure for the chargeable period.

Balancing charges

- 100 (1) A balancing charge is made on a person for a chargeable period in respect of qualifying expenditure if in that period—
- (a) the person sells some or all of the patent rights, and
 - (b) the net proceeds of sale (so far as they consist of capital sums) from the sales in that period exceed any unrelieved qualifying expenditure for that period.

The charge is calculated in accordance with sub-paragraphs (2) to (5).

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- (2) If there is no unrelieved qualifying expenditure, the amount of the balancing charge is equal to the net proceeds of sale (so far as they consist of capital sums).

This is subject to sub-paragraphs (4) and (5).

- (3) If there is some unrelieved qualifying expenditure, the amount of the balancing charge is equal to the amount by which the net proceeds of sale (so far as they consist of capital sums) exceed the unrelieved qualifying expenditure.

This is subject to sub-paragraphs (4) and (5).

- (4) The total amount of the first balancing charge must not exceed the total writing-down allowances actually given in respect of the expenditure.
- (5) The total amount on which a second or further balancing charge is made must not exceed the total writing-down allowances actually made in respect of the expenditure, less the amount of any earlier charge.

Giving effect to allowances and charges

- 101 (1) Sub-paragraph (2) applies if—
- (a) a person is entitled to a writing-down allowance or a balancing allowance or liable to a balancing charge in respect of qualifying expenditure, and
 - (b) the trade use condition is met.
- (2) The allowance or charge is to be given effect in calculating the profits of that person's trade, by treating—
- (a) the allowance as an expense of the trade, and
 - (b) the charge as a receipt of the trade.
- (3) Sub-paragraph (4) applies if—
- (a) a person is entitled to a writing-down allowance or a balancing allowance or liable to a balancing charge in respect of qualifying expenditure, and
 - (b) the trade use condition is not met.
- (4) Sections 479 and 480 apply in relation to giving effect to the allowance or charge referred to in sub-paragraph (3) as they apply in relation to giving effect to an allowance or charge under Chapter 3 of Part 8 in respect of qualifying non-trade expenditure.
- (5) For the purposes of Part 8 a person's "income from patents" includes balancing charges to which the person is liable in respect of qualifying expenditure.

Supplementary provisions

Limit on qualifying expenditure

- 102 Section 481 does not apply to expenditure incurred before 1st April 1986, and subsections (5) and (6) of that section do not apply to expenditure incurred before 27th July 1989.

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PART 10

DREDGING ALLOWANCES

Writing-down allowances

- 103 (1) Section 487(2) applies with the substitution of “ 50 years ” for “25 years” in the case of expenditure incurred before 6th November 1962.
- (2) Section 487(3) applies with the substitution of “ 2% ” for “4%” in the case of expenditure incurred before 6th November 1962.

Balancing allowances

- 104 The reference in section 488(1)(d) to allowances previously made in respect of the expenditure—
- (a) includes any initial allowance made in respect of it under section 17 of FA 1956 or section 67 of CAA 1968, and
 - (b) except in relation to initial allowances, is to be construed as if section 17 of FA 1956 had always had effect (instead of having effect only for chargeable periods after the year 1955-56).

The writing-down period

- 105 (1) This paragraph applies where it is provided under Part 9 that writing-down allowances are to be made in respect of any expenditure during a writing-down period of any specified length.
- (2) If allowances were made under paragraph 27(2) of Schedule 14 to the Finance Act 1965—
- (a) for income tax purposes, for either of the tax years 1964-65 and 1965-66, and
 - (b) for accounting periods of a company falling wholly or partly within either of those years,
- the periods for which allowances were made are added together in calculating the writing-down period, even though (according to the calendar) the same time is counted twice.

PART 11

CONTRIBUTIONS

Regional development grants

- 106 (1) Section 534(1) applies as if a grant falling within that subsection included—
- (a) a grant made under Part II of the Industrial Development Act 1982 (c. 52) on an application made before 1st April 1988;
 - (b) a grant made under Part I of the Industry Act 1972 (c. 63), or a grant made under Northern Ireland legislation and declared by the Treasury to correspond to a grant under that Part.
- (2) Section 534(2) does not apply if the expenditure was incurred, or the grant was paid, before 10th March 1982.

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Contributions not made by public bodies and not eligible for tax relief

107 Section 536 applies with the omission of subsection (3)(b) in relation to contributions made before 27th July 1989.

Conditions for allowances

108 In section 536(5), as it applies for the purposes of section 537(2), paragraphs (a)(iv) and (b) do not apply in relation to contributions made before 27th July 1989.

Agricultural buildings

109 Section 538(2)(b)(ii) applies in relation to contributions made before 6th April 1990 with the omission of “or to allocate the expenditure to a pool under Part 2”.

F68 110

Textual Amendments
F68 Sch. 3 para. 110 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of Finance Act 2008 (c. 9), Sch. 27 para. 20(b)

PART 12

SUPPLEMENTAL

Transfer of insurance company business

111 Section 560 applies with—
(a) the substitution for subsection (1) of—

“(1) This section applies if assets are transferred as part of, or in connection with, a transfer of the whole or part of the long term business of an insurance company to another company in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.”;

and

(b) the omission of subsection (2),
in relation to transfers sanctioned or authorised before 1st July 1994.

Election regarding sale consideration

112 (1) In relation to a transfer to which this paragraph applies, section 569(3) applies with the substitution for paragraph (a) of—

“(a) any of the parties is not resident in the United Kingdom at the time of the transfer and the circumstances are not at that time such that a relevant allowance or charge falls or might fall to be made to or on that party as a result of the transfer;”.

(2) This paragraph applies to—
(a) a transfer before 16th March 1993;

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- (b) a transfer in pursuance of a contract entered into before that date; and
- (c) a transfer in pursuance of a contract entered into for the purpose of securing that obligations under a contract entered into before that date are complied with.

PART 13

OTHER ENACTMENTS

113 (1) Subsections (2) and (3) of section 578A of ICTA (expenditure on car hire) apply with the substitution of “ £8,000 ” for “£12,000” in relation to expenditure incurred under a contract entered into before 11th March 1992.

(2) Subsection (4) of that section does not apply in relation to rebates made or transactions occurring before 29th April 1996.

F69 114

Textual Amendments

F69 Sch. 3 para. 114 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 3](#) (with [Sch. 2](#))

115 The repeals made by CAA 1990 do not have effect in relation to capital expenditure—

- (a) which was not eligible expenditure within the meaning of section 39 of FA 1976 (which brought expenditure previously not within Chapter I of Part III of FA 1971 within that Chapter but with certain exceptions), and
- (b) which was incurred in a chargeable period ending before 6th April 1976.

116 (1) Sections 40A to 40D of F(No.2)A 1992 (films) apply with the necessary modifications in relation to—

- (a) expenditure on the production of a film—
 - (i) completed before 21st March 2000, or
 - (ii) completed on or after that date, if the first day of principal photography is before that date, unless the person incurring the expenditure elects that those modifications should not apply;
- (b) expenditure on the acquisition of a film, tape or disc incurred before 6th April 2000.

(2) The necessary modifications are—

- (a) the substitution for section 40A(1) of—

“(1) Expenditure which—

- (a) is incurred on the production or acquisition of a film, tape or disc, and
- (b) would, apart from this subsection, constitute capital expenditure on the provision of plant or machinery for the purposes of Part 2 of the Capital Allowances Act,

is to be regarded for the purposes of the Tax Acts as expenditure of a revenue nature unless an election under section 40D below has effect with respect to it.”;

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- (b) in section 40A(2), the substitution of “ the production or acquisition of a film, tape or disc ” for “the [^{F70}original master] version of a film” and of “ of the film, tape or disc ” for “of the [^{F70}original master] version”;
- (c) in section 40A(3), the substitution of “ [^{F71}a film,] tape or disc ” for “[^{F72}the original master] version of a film” and of “ the film, tape or disc ” for “the [^{F73}original master] version” (in both places);
- (d) the [^{F74}insertion after section 40A(4)] of—
 - “(5) In this section and sections 40B to 40D below—
 - (a) any reference to a film is a reference to an original master negative of the film and its soundtrack, if any;
 - (b) any reference to a tape is a reference to an original master film tape or original master audio tape; and
 - (c) any reference to a disc is a reference to an original master film disc or original master audio disc;
 and any reference to the acquisition of a film, tape or disc includes a reference to the acquisition of any description of rights in a film, tape or disc.”;
- (e) in section 40B(1), the substitution of “ films, tapes or discs ” for “[^{F75}original master] versions of films” and of “ [^{F76}a film,] tape or disc ” for “[^{F77}the original master] version of a film”;
- (f) in section 40B(4), the substitution of “ film, tape or disc ” for “[^{F78}original master] version of the film” and of “ film, tape or disc ” for “[^{F78}original master] version”;
- (g) in section 40B(5), the substitution of “ film, tape or disc ” for “[^{F78}original master] version of the film”;
- (h) in section 40C(1), the substitution of “ film, tape or disc ” for “[^{F78}original master] version of the film”;
- (i) in section 40C(2), the substitution of “ film, tape or disc ” for “[^{F78}original master] version of the film”;
- (j) in section 40D(2), the substitution of “ films, tapes or discs ”[^{F79}for “original master versions of films”, of a “ film, tape or disc ” for “the original master version of a film” and of “ film, tape or disc ” for “original master version” (in both places);”]
- (k) in section 40D(3), the substitution of “ film, tape or disc ” for “[^{F80}original master] version”;
- (l) in section 40D(4), the substitution of “ film, tape or disc ” for “[^{F80}original master] version of the film” (in both places);
- (m) in section 40D(6), the substitution of “ a film, tape or disc ” for “the [^{F80}original master] version of a film” and of “ of the film, tape or disc ” for “of the [^{F80}original master] version”; and
- (n) in section 40D(7), the substitution of “[^{F81}a film,] tape or disc ” for “[^{F82}the original master] version of a film”.

(3) An election under sub-paragraph (1)(a) is irrevocable.

Status: Point in time view as at 21/07/2008.

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- (4) For the purposes of sub-paragraph (1)(a) a film is completed at the time when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the general public.
- (5) In sub-paragraph (1)(b)—
- (a) “film” means an original master negative of the film and its soundtrack, if any;
 - (b) “tape” means an original master film tape or original master audio tape; and
 - (c) “disc” means an original master film disc or original master audio disc;
- and the acquisition of a film, tape or disc includes the acquisition of any description of rights in a film, tape or disc.

Textual Amendments

- F70** Words in Sch. 3 para. 116(2)(b) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(2\), 31\(3\)](#)
- F71** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(3\)\(a\), 31\(3\)](#)
- F72** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(3\)\(b\), 31\(3\)](#)
- F73** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(3\)\(c\), 31\(3\)](#)
- F74** Words in Sch. 3 para. 116(2)(d) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(4\), 31\(3\)](#)
- F75** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(5\)\(a\), 31\(3\)](#)
- F76** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(5\)\(b\), 31\(3\)](#)
- F77** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(5\)\(c\), 31\(3\)](#)
- F78** Words in Sch. 3 para. 116(2)(f)-(i) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(6\), 31\(3\)](#)
- F79** Words in Sch. 3 para. 116(2)(j) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(7\), 31\(3\)](#)
- F80** Words in Sch. 3 para. 116(2)(k)-(m) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(8\), 31\(3\)](#)
- F81** Words in Sch. 3 para. 116(2)(n) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(9\)\(a\), 31\(3\)](#)
- F82** Words in Sch. 3 para. 116(2)(n) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\)](#), [Sch. 3 paras. 27\(9\)\(b\), 31\(3\)](#)

- 117 Section 40D of F(No.2)A 1992 (election relating to tax treatment of films expenditure) applies with the omission of—
- (a) paragraph (a) of subsection (1); and
 - (b) subsections (3) to (7),
- if the film, tape or disc of the film was completed before 10th March 1992.

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SCHEDULE 4

Section 580

REPEALS

Taxes Management Act 1970 (c. 9)	In section 98 in column 1 of the Table the words “Sections 23(4) and 49(4) of the Capital Allowances Act 1990”.
Finance Act 1982 (c. 39)	Section 137(2), (3), (6) and (7).
London Regional Transport Act 1984 (c. 32)	In Schedule 5, paragraph 5(b) and the word “and” before it.
Income and Corporation Taxes Act 1988 (c. 1)	<p>In sections 65A(7) and 70A(6) the words “and section 29 of the 1990 Act (provisions relating to furnished holiday accommodation)”.</p> <p>In section 83A, in subsection (2), paragraph (b) and the word “or” before it and in subsection (3), paragraph (b) and the word “and” before it.</p> <p>In section 84, in subsection (1), paragraph (b) and the word “or” before it and in subsection (3), paragraph (b) and the word “and” before it.</p> <p>In section 117, in subsection (1), the words “or allowed” (in each place), “or section 141 of the 1990 Act”, paragraph (b) and the word “or” before it, and, in subsection (2), in the definition of “the aggregate amount”, the words “or allowed”, “or section 141 of the 1990 Act”, paragraph (b) and the word “or” before it.</p> <p>In section 118, in subsection (1) the words “or allowed” (in each place), “or section 145 of the 1990 Act”, paragraph (b) and the word “or” before it, and, in subsection (2), in the definition of “the aggregate amount”, the words “or allowed”, “or section 145 of the 1990 Act”, and paragraph (b) and the word “or” before it.</p> <p>In section 198(2), the words “and Part II of the 1990 Act (capital allowances in respect of machinery and plant)”.</p> <p>In section 384(10), the words following paragraph (b).</p> <p>Section 393A(5) and (6).</p> <p>In section 397, in subsection (5), the definition of “basis year” and, in the definition of “chargeable period”, the words</p>

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	from “or any basis period” to the end of the definition; and subsection (6).
	In section 411(10) the words “Without prejudice to the provisions of section 161(5) of the 1990 Act”.
	Sections 434D and 434E.
	Sections 520 to 523.
Income and Corporation Taxes Act 1988 (c. 1) —cont.	Section 528(1) and (4).
	Section 530.
	In section 531, in subsection (3), the words following paragraph (b) and in subsection (7) the words “and section 530(1) and (6)”.
	In section 533(1), in paragraph (b) of the definition of “income from patents”, the words “520(6), 523(3),” and the definition of “the commencement of the patent”.
	In section 577, in subsection (1), paragraph (c) and the word “and” before it, in subsection (7)(a) the words “, or to the use of an asset for,” (in both places) and in subsection (10) the words “, or any claim for capital allowances in respect of the use of an asset for,”.
	In section 834(2), the words “and also for sections 144 and 145 of the 1990 Act”.
	In Schedule 19AC, paragraph 9C.
Finance Act 1989 (c. 26)	Section 121.
	In Schedule 13, paragraph 27.
Capital Allowances Act 1990 (c. 1)	The whole Act.
Finance Act 1990 (c. 29)	Sections 60, 87 and 103.
	In Schedule 7, paragraph 9.
	In Schedule 9, paragraph 5.
	In Schedule 13, paragraphs 1 to 6.
	Schedule 17.
Finance Act 1991 (c. 31)	Sections 59 to 61.
	Schedule 14.
	In Schedule 15, paragraph 28.
Disability Living Allowance and Disability Working Allowance Act 1991 (c. 21)	In Schedule 2, paragraphs 20 and 21.

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Water (Consolidation) (Consequential Provisions) Act 1991 (c. 60)	In Schedule 1, paragraph 53.
Social Security Contributions and Benefits Act 1992 (c. 4)	In Schedule 2, paragraph 1(b) and, in paragraph 2, the words from “subject to deduction” to the end.
Social Security (Consequential Provisions) Act 1992 (c. 6)	In Schedule 2, paragraph 109.
Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)	In Schedule 2, paragraph 1(b) and, in paragraph 2, the words from “subject to deduction” to the end.
Social Security (Consequential Provisions) (Northern Ireland) Act 1992 (c. 9)	In Schedule 2, paragraph 38.
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 195, in subsection (3), the words from “and “basis year”” to the end, subsection (5) and in subsection (6), paragraph (b) and the word “and” before it. In section 288(1), the definition of “the 1990 Act”.
Finance (No. 2) Act 1992 (c. 48)	In Schedule 10, paragraph 21. In section 43(1), the definition of “the 1990 Act”. Sections 67 to 71. Schedule 13. In Schedule 17, in paragraph 5(5), paragraph (c) and the word “and” before it.
Finance Act 1993 (c. 34)	Sections 113 to 117. Schedules 12 and 13.
Finance Act 1994 (c. 9)	Sections 117, 118(6)(a), 119(1), 120 and 121. Sections 211(1) and 212 to 213. Section 214(4) to (6). In Schedule 24, in paragraph 1(1), the definition of “the Allowances Act”. In Schedule 25, in paragraph 5(3), the definition of “the 1990 Act”.
Value Added Tax Act 1994 (c. 23)	In Schedule 14, paragraph 11.
Finance Act 1995 (c. 4)	Sections 94 to 101. In Schedule 8, paragraphs 23(1) and 24. In Schedule 9, paragraph 3.
Finance Act 1996 (c. 8)	Sections 135(3) to (5), 179 and 180. In Schedule 20, paragraph 44.

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	In Schedule 21, paragraphs 26 to 34. Schedule 35.
Broadcasting Act 1996 (c. 55)	In Schedule 39, paragraph 1(1), (3) and (4). In Schedule 7, in paragraph 1(1), the definition of “the Allowances Act” and in paragraph 13(1), in the heading the words “and structures”.
Planning (Consequential Provisions) (Scotland) Act 1997 (c. 11)	In Schedule 2, paragraph 45.
Finance Act 1997 (c. 16)	Sections 66(2) and (5), 84 and 86. In Schedule 12, in paragraph 11, in sub-paragraph (8) the words “or its basis period” and sub-paragraph (15). Schedule 14. In Schedule 15, paragraphs 3, 4, 5(3), 7, 8 and (9)(2). Schedule 16.
Finance (No. 2) Act 1997 (c. 58)	Sections 42 to 47.
Social Security Act 1998 (c. 14)	Section 59(2).
Petroleum Act 1998 (c. 17)	In Schedule 4, paragraph 27.
Finance Act 1998 (c. 36)	Sections 83 to 85.
Finance Act 1998 (c. 36)—cont.	In Schedule 5, paragraphs 40 and 47 to 61. In Schedule 7, in paragraph 1 the word “528(1)(a)” and paragraph 4.
Finance Act 1999 (c. 16)	Sections 50(2), 77 and 78. In Schedule 5, paragraph 2(3). In Schedule 11, paragraphs 4 to 8.
Greater London Authority Act 1999 (c. 29)	In Schedule 33, paragraph 12(1)(a).
Finance Act 2000 (c. 17)	Sections 70 to 72. Section 75(1) to (3), (5) and (6)(b) and (c). Section 76(1). Section 77. Section 79. Sections 80 and 81. Section 113. In Schedule 19, paragraphs 7 to 11. In Schedule 22, in paragraph 84(1) the words “or structure”.

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Transport Act 2000 (c. 38)

In Schedule 26, in paragraph 1(1), the definition of “the 1990 Act”.

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