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SCHEDULES

SCHEDULE 13

CAPITAL ALLOWANCES: MISCELLANEOUS AMENDMENTS

Contributions to expenditure

- 3 (1) Section 84 of the 1968 Act (under which certain contributions etc. reduce allowable expenditure) shall be amended as follows.
- (2) At the end of paragraph (b) of subsection (2) there shall be added the words “and not being expenditure which is allowed to be deducted in computing the profits or gains of a trade, profession or vocation carried on by that person”.
- (3) After subsection (2) there shall be inserted—
- “*(2A)* In determining for the purposes of subsection (2)(b) above whether an allowance could be made under the provisions of section 85 below, it shall be assumed that the person by whom expenditure has been or is to be met is within the charge to tax, whether or not that is in fact the case.”
- (4) This paragraph shall have effect in relation to expenditure incurred on or after the day on which this Act is passed except in so far as a contribution to the expenditure was made before that day.
- 4 (1) In section 85 of the 1968 Act (which gives allowances in respect of certain contributions), after subsection (3) there shall be inserted—
- “*(3A)* References in this section, and in Schedule 9 to this Act, to a trade shall be construed as including references to a profession or vocation.”
- (2) This paragraph shall have effect in relation to contributions made on or after the day on which this Act is passed.
- 5 (1) This paragraph applies where allowances are made in respect of a contribution to capital expenditure by virtue of section 85 of the 1968 Act as applied by paragraph 15(6) of Schedule 8 to the Finance Act 1971.
- (2) Where this paragraph applies in relation to a contribution made for the purposes of a trade carried on or to be carried on by the contributor, it shall be assumed for the purposes of section 44 of the Finance Act 1971—
- (a) that the contribution was made for the purposes of a trade carried on by the contributor separately from any trade actually carried on by him, and
- (b) that the separate trade is discontinued or transferred (in whole or in part) when the trade actually carried on is discontinued or transferred (in whole or in part);
- and any allowance or charge which would on those assumptions fall to be made for any chargeable period in the case of the separate trade shall be made for that period in the case of the trade for the purposes of which the contribution was actually made.

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- (3) References in sub-paragraph (2) above to a trade shall be construed as including references to a profession or vocation.
- (4) This paragraph shall have effect in relation to contributions made on or after the day on which this Act is passed.
- 6 (1) In its application in relation to allowances under Schedule 15 to the Finance Act 1986 (agricultural land and buildings), Schedule 9 to the 1968 Act shall have effect—
 - (a) with the omission of paragraph 4, and
 - (b) as if, in paragraph 3, the references to section 11 of the 1968 Act and to expenditure incurred on the construction of a building or structure were references to paragraph 3 of Schedule 15 to the Finance Act 1986 and to expenditure falling within paragraph 1(1) of that Schedule.
- (2) This paragraph shall have effect in relation to contributions made on or after the day on which this Act is passed.