



# Capital Allowances Act 1990

## 1990 CHAPTER 1

### PART VI

#### DREDGING

#### **134 Allowances for expenditure on dredging**

- (1) Subject to the provisions of this section, where a person for the purposes of any qualifying trade carried on by him incurs or has incurred capital expenditure on dredging, and either—
- (a) the trade consists of the maintenance or improvement of the navigation of a harbour, estuary or waterway, or
  - (b) the dredging is for the benefit of vessels coming to, leaving or using any dock or other premises occupied by him for the purposes of the trade,
- then writing-down allowances shall be made in respect of that expenditure to the person for the time being carrying on the trade during a writing-down period of 25 years or, if the expenditure was incurred before 6th November 1962, 50 years beginning with the first relevant chargeable period, but where a writing-down allowance falls to be made for a year of assessment to such a person, and he is within the charge to income tax in respect of the trade for part only of that year, that part shall be treated as a separate chargeable period for the purposes of computing allowances under this section.
- (2) If the trade is permanently discontinued in any chargeable period, then for that chargeable period there shall be made to the person last carrying on the trade, in addition to any other allowance made to him, an allowance equal to the amount of the expenditure less the allowances made in respect of it under subsection (1) above for that and previous chargeable periods.
- (3) The reference in subsection (2) above to allowances made for previous chargeable periods—
- (a) shall include a reference to any initial allowance granted under section 67 of the 1968 Act or under section 17 of the Finance Act 1956, and

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*Status: This is the original version (as it was originally enacted).*

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- (b) except in relation to initial allowances, shall be construed as if section 17 of the Finance Act 1956 had always had effect (instead of having had effect only for chargeable periods after the year 1955-56).
- (4) For the purposes of this Part, a trade shall not be treated by virtue of section 113 or 337(1) of the principal Act (changes in persons carrying on a trade, and special rules for corporation tax) as permanently discontinued; but, subject to section 343(2) of that Act (company reconstructions etc.), where a trade is sold, it shall be treated for those purposes as having been permanently discontinued at the time of the sale, unless the sale is such a sale as is specified in section 157(1).
- (5) Any allowance under this section shall be made in taxing the trade.
- (6) Where expenditure is incurred partly for the purposes of a qualifying trade and partly for other purposes, subsection (1) above shall apply to so much only of that expenditure as on a just apportionment ought fairly to be treated as incurred for the purposes of that trade.
- (7) Where a person incurs capital expenditure for the purposes of a trade or part of a trade not yet carried on by him but with a view to carrying it on, or incurs capital expenditure in connection with a dock or other premises not yet occupied by him for the purposes of a qualifying trade but with a view to so occupying the dock or premises, subsections (1) to (6) above shall apply as if he had been carrying on the trade or part of the trade or occupying the dock or premises for the purposes of the qualifying trade, as the case may be, at the time when the expenditure was incurred.
- (8) Where a person contributes a capital sum to expenditure on dredging incurred by another person, he shall be treated as incurring capital expenditure on that dredging, and capital expenditure incurred by any person shall not be treated as incurred for the purposes of any trade carried on or to be carried on by him in so far as it has been or is to be met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by capital sums contributed by any other person for purposes other than those of that trade.

### **135 Interpretation of Part VI**

- (1) In this Part “qualifying trade” means any trade or undertaking which, or a part of which, complies with any of the following conditions, that is to say—
  - (a) the condition that it consists of the maintenance or improvement of the navigation of a harbour, estuary or waterway, or
  - (b) any condition set out in section 18(1),
 but where part only of a trade or undertaking complies with those conditions, section 134(6) shall apply as if the part which does comply and the part which does not were separate trades.
- (2) For the purposes of this Part, the first relevant chargeable period, in relation to expenditure incurred by any person, is the chargeable period related to the following event or occasion, that is—
  - (a) the incurring of the expenditure, or
  - (b) in the case of expenditure for which allowances are to be made by virtue of section 134(7), the occasion when he first both carries on the trade or part of the trade for the purposes of which the expenditure was incurred, and occupies for the purposes of that trade or part of the trade the dock or other premises in connection with which it was incurred.

- (3) In this Part, “dredging” does not include things done otherwise than in the interests of navigation, but (subject to that) includes the removal of anything forming part of or projecting from the bed of the sea or of any inland water, by whatever means it is removed and whether or not at the time of removal it is wholly or partly above water; and this Part shall apply to the widening of an inland waterway in the interests of navigation as it applies to dredging.