



Capital Allowances Act 1990

1990 CHAPTER 1

PART II

MACHINERY AND PLANT

CHAPTER VIII

SUPPLEMENTARY PROVISIONS

75 Further restrictions on allowances

- (1) Subject to sections 76 and 77, where a person incurs capital expenditure on the provision by purchase of machinery or plant, and—
- (a) he and the seller are connected with each other, or
 - (b) the machinery or plant continues to be used for the purposes of a trade carried on by the seller, or
 - (c) it appears with respect to the sale, or with respect to transactions of which the sale is one, that the sole or main benefit which, but for this subsection, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under this Part,

a first-year allowance shall not be made in respect of the expenditure or, if made, shall be withdrawn, and there shall be disregarded for the purposes of sections 24, 25 and 26 so much (if any) of the expenditure as exceeds the disposal value to be brought into account under those sections by reason of the sale.

- (2) Subject to sections 76 and 77, where a person enters into a contract under which, on the performance thereof, he will or may become the owner of machinery or plant belonging to another person, and—
- (a) he and that person are connected with each other, or
 - (b) the machinery or plant continues to be used for the purposes of a trade carried on by that person, or

Status: This is the original version (as it was originally enacted).

- (c) it appears with respect to the transaction, or with respect to transactions of which it is one, that the sole or main benefit which, but for this subsection, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under this Part,

a first-year allowance shall not be made in respect of any expenditure incurred by him under the contract so far as relating to that machinery or plant or, if made, shall be withdrawn, and there shall be disregarded for the purposes of sections 24, 25 and 26 so much (if any) of the expenditure as exceeds the disposal value to be brought into account under those sections by reason of the contract so far as relating thereto.

- (3) Subject to sections 76 and 77, where a person, being entitled to the benefit of a contract under which, on the performance thereof, he will or may become the owner of any machinery or plant, assigns the benefit of the contract so far as it relates to that machinery or plant to another person, and—

- (a) he and the assignee are connected with each other, or
(b) the machinery or plant continues to be used for the purposes of a trade carried on by him, or
(c) it appears with respect to the assignment, or with respect to transactions of which the assignment is one, that the sole or main benefit which, but for this subsection, might have been expected to accrue to the parties or any of them was the obtaining of an allowance under this Part,

a first-year allowance shall not be made in respect of any expenditure incurred by him under the contract so far as so relating, or by way of consideration for the assignment or, if so made, shall be withdrawn, and there shall be disregarded for the purposes of sections 24, 25 and 26 so much (if any) of the assignee's expenditure as exceeds the disposal value to be brought into account under section 60 by reason of the assignment.

- (4) In this section references to persons connected with each other shall be construed in accordance with section 839 of the principal Act.
- (5) All such assessments and adjustments of assessments shall be made as are necessary to give effect to this section.