

## SCHEDULES

### SCHEDULE 14

#### CAPITAL ALLOWANCES: VAT CAPITAL GOODS SCHEME

#### PART II

#### MACHINERY AND PLANT

##### *Transitional relief for regional projects*

- 6 (1) In section 22 of that Act (first-year allowances: transitional relief for regional projects) after subsection (1) there shall be inserted—

“(1A) Subsection (1B) below applies in any case where a person—

- (a) has at any time incurred, as mentioned in paragraphs (a) and (b) of subsection (1) above, capital expenditure to which this section applies, and
- (b) subsequently incurs an additional VAT liability in respect of that capital expenditure at a time when the machinery or plant is provided wholly and exclusively for the purposes of the trade.

(1B) Where this subsection applies, then, for the purposes of this Act—

- (a) the additional VAT liability shall be regarded as capital expenditure incurred by the person on the provision of the machinery or plant wholly and exclusively for the purposes of the trade, and
- (b) that capital expenditure shall be regarded as expenditure in consequence of the incurring of which the machinery or plant belongs, or has belonged, to him at some time during the chargeable period related to the incurring of the capital expenditure,

and, subject to the following provisions of this Act, a first-year allowance shall accordingly be made to him under subsection (1) above for the chargeable period related to the incurring of that liability.”

- (2) After subsection (3) of that section there shall be inserted—

“(3A) This section also applies to any additional VAT liability incurred in respect of expenditure certified under subsection (2) or (3) above.”