



Capital Allowances Act 2001

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CAPITAL ALLOWANCES ACT 2001

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- 393 Meaning of “freehold interest”, “lease”, etc.

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- 419 Unrelieved qualifying expenditure

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577 Other definitions

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578 Consequential amendments

579 Commencement and transitional provisions and savings

580 Repeals

581 Citation

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Schedules

- Schedule 1 — Abbreviations and defined expressions
 - Part 1 — ABBREVIATIONS
 - Part 2 — DEFINED EXPRESSIONS

- Schedule 2 — Consequential amendments

The Taxes Management Act 1970 (c. 9)

- 1 Section 42 (procedure for making claims etc.)
- 2 Section 57 (regulations about appeals)
- 3 Section 58 (proceedings in tax cases in Northern Ireland)
- 4 Section 98 (special returns, etc.)
- 5 Schedule 3 (rules for assigning proceedings to General Commissioners)

The Finance Act 1982 (c. 39)

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

The London Regional Transport Act 1984 (c. 32)

- 7 Schedule 5 (transitional provisions and savings)

The Films Act 1985 (c. 21)

- 8 Section 6 (certification of films as British films)
- 9 Schedule 1 (certification of films as British films)

The Trustee Savings Banks Act 1985 (c. 58)

- 10 Schedule 2 (taxation)

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

- 11 Section 43C (transfer of rent: exceptions, etc.)
- 12 Section 43E (interposed lease: exceptions, etc.)
- 13 Section 65A (Case V income from land outside UK: income tax)
- 14 Section 70A (Case V income from land outside UK: corporation tax)
- 15 Section 75 (expenses of management: investment companies)
- 16 Section 83A (gifts in kind to charities, etc.)
- 17 Section 84 (gifts to educational establishments)
- 18 Section 87 (taxable premiums etc.)
- 19 Section 91 (cemeteries)
- 20 Section 91C (mineral exploration and access)
- 21 Section 116 (arrangements for transferring relief)
- 22 Section 117 (restriction on relief: individuals)
- 23 Section 118 (restriction on relief: companies)
- 24 Section 197C (definition of mileage profit)
- 25 Section 198 (relief for necessary expenses)
- 26 Section 343 (company reconstructions without a change of ownership)
- 27 Section 359 (loan to buy machinery or plant)
- 28 Section 379A (Schedule A losses)
- 29 Section 384 (restrictions on right of set-off)

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- 30 New section 384A (restriction of set-off of plant and machinery allowances)
- 31 Section 389 (supplementary provisions relating to carry-back of terminal losses)
- 32 Section 393A (losses: set off against profits of the same, or an earlier, accounting period)
- 33 Section 395 (leasing contracts and company reconstructions)
- 34 Section 397 (restriction of relief in case of farming and market gardening)
- 35 Section 400 (write-off of government investment)
- 36 Section 403ZB (amounts eligible for group relief: excess capital allowances)
- 37 Section 407 (relationship between group relief and other relief)
- 38 Section 411 (exclusion of double allowance)
- 39 Sections 434D and 434E (capital allowances: management assets; investment assets)
- 40 Section 487 (credit unions)
- 41 Section 492 (treatment of oil extraction activities etc. for tax purposes)
- 42 Section 495 (regional development grants)
- 43 Section 518 (harbour reorganisation schemes)
- 44 Sections 520 to 523 (patents)
- 45 Section 525 (capital sums: death, winding up or partnership change)
- 46 Section 528 (patents: manner of making allowances and charges)
- 47 Section 530 (disposal of know-how)
- 48 Section 531 (disposal of know-how: supplementary provisions)
- 49 Section 532 (application of 1990 Act)
- 50 Section 533 (interpretation of sections 520 to 532)
- 51 Section 577 (business entertaining expenses)
- 52 New sections 578A and 578B (expenditure on car hire)
- 53 Section 623 (retirement annuities: relevant earnings)
- 54 Section 646 (meaning of “net relevant earnings”)
- 55 Section 768 (change in ownership of company: disallowance of trading losses)
- 56 Section 768B (change in ownership of investment company: deductions generally)
- 57 Section 781 (assets leased to traders and others)
- 58 Section 828 (orders and regulations made by the Treasury or the Board)
- 59 Section 831 (interpretation of Act)
- 60 Section 832 (interpretation of the Tax Acts)
- 61 Section 834 (interpretation of the Corporation Tax Acts)
- 62 Section 835 (“total income” in the Income Tax Acts)
- 63 Schedule 18 (group relief)
- 64 Schedule 19AC (modification of Act in relation to overseas life insurance companies)
- 65 Schedule 21 (tax relief in connection with schemes for rationalising industry and other redundancy schemes)
- 66 Schedule 24 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies)
- 67 Schedule 28A (change in ownership of investment company: deductions)
- 68 Schedule 28AA (provision not at arms’ length)

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The Finance Act 1988 (c. 39)

- 69 Schedule 12 (building societies: change of status)

The Finance Act 1989 (c. 26)

- 70 Section 86 (spreading of relief for acquisition expenses)

The Electricity Act 1989 (c. 29)

- 71 Schedule 11 (taxation provisions)

The Finance Act 1990 (c. 29)

- 72 Section 126 (pools payments for football ground improvements)

The Finance Act 1991 (c. 31)

- 73 Section 65 (reimbursement by defaulter in respect of certain abandonment expenditure)
74 Section 78 (sharing of transmission facilities)

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

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

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

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

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

- 77 Section 37 (consideration chargeable to tax on income)
78 Section 41 (restriction of losses by reference to capital allowances etc.)
79 Section 195 (allowance of certain drilling expenditure)
80 Section 288 (interpretation)
81 Schedule 3 (assets held on 31st March 1982)

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

- 82 New sections 40A to 40D (films)
83 Section 41 (relief for preliminary expenditure)
84 Section 42 (relief for production or acquisition expenditure)
85 Section 43 (interpretation of sections 41 and 42)
86 Schedule 10 (furnished accommodation)
87 Schedule 17 (Northern Ireland electricity)

The Finance Act 1993 (c. 34)

- 88 Section 92 (the basic rule: sterling to be used)
89 Section 93 (use of currency other than sterling)

The Agriculture Act 1993 (c. 37)

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

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The Finance Act 1994 (c. 9)

- 91 Schedule 24 (provisions relating to the Railways Act 1993)
- 92 Schedule 25 (Northern Ireland Airports Limited)

The Coal Industry Act 1994 (c. 21)

- 93 Schedule 4 (taxation provisions)

The Atomic Energy Authority Act 1995 (c. 37)

- 94 Schedule 3 (taxation provisions)

The Finance Act 1996 (c. 8)

- 95 Section 151 (benefits under pilot schemes)
- 96 Schedule 8 (loan relationships)

The Broadcasting Act 1996 (c. 55)

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

The Finance Act 1997 (c. 16)

- 98 Schedule 12 (leasing arrangements: finance leases and loans)

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

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

The Finance Act 1998 (c. 36)

- 100 Section 117 (company tax returns, assessments and related matters)
- 101 Section 118 (claims for income tax purposes)
- 102 Schedule 6 (adjustment on change of accounting basis)
- 103 Schedule 18 (company tax returns, assessments and related matters)

The Finance Act 1999 (c. 16)

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

The Greater London Authority Act 1999 (c. 29)

- 105 Schedule 33 (taxation)

The Finance Act 2000 (c. 17)

- 106 Section 105 (corporation tax: use of currencies other than sterling)
- 107 Schedule 12 (provision of services through an intermediary)
- 108 Schedule 22 (tonnage tax)

The Transport Act 2000 (c. 38)

- 109 Schedule 26 (transfers: tax)

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Part 1 — CONTINUITY OF THE LAW

- 1 The repeal of provisions and their enactment in a rewritten...

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- 2 Paragraph 1— (a) does not apply to any change in...
- 3 Any subordinate legislation or other thing which—
- 4 Any reference (express or implied) in any enactment, instrument or...
- 5 Any reference (express or implied) in any enactment, instrument or...
- 6 Paragraphs 1 to 5 have effect instead of section 17(2)...
- 7 Paragraphs 4 and 5 apply only in so far as...
 - Part 2 — CHANGES IN THE LAW
- 8 (1) This paragraph applies where, in the case of any...
 - Part 3 — GENERAL

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- 9 Subsections (2) and (3) of section 4 apply with the...

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- 10 Section 9 does not apply in relation to expenditure incurred...
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- 11 Use for qualifying activity of plant or machinery provided for other purposes
- 12 Use for qualifying activity of plant or machinery which is a gift

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- 13 Buildings, structures and land

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- 14 ICT expenditure incurred by small companies

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- 15 Plant or machinery acquired under hire purchase etc.
- 16 Plant or machinery on hire purchase etc.: fixtures
- 17 Plant or machinery provided by lessee

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- 18 Software and rights to software

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- 19 Cars above the cost threshold

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- 20 Long-life asset expenditure

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- 21 Meaning of “overseas leasing”
- 22 Recovery of first-year allowances in case of joint lessees
- 23 Letting ships or aircraft to obtain old first-year allowance not a qualifying purpose

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Ships: deferments etc.

- 24 Further registration requirement

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- 25 Pre-trading expenditure on mineral exploration and access
26 Abandonment expenditure incurred before cessation of ring fence trade
27 Abandonment expenditure incurred after cessation of ring fence trade
28 Oil production sharing contracts

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- 29 Meaning of “interest in land” for purposes of Chapter 14 of Part 2 (fixtures)
30 Equipment lessors
31 Equipment lessee has qualifying activity etc.
32 Equipment lessor has right to sever fixture that is not part of building
33 Equipment lease is part of affordable warmth programme
34 Purchaser of land giving consideration for fixture
35 Purchaser of land discharging obligations of equipment lessee
36 Incoming lessee where lessor entitled to allowances
37 Incoming lessee where lessor not entitled to allowances
38 Fixture on which a plant and machinery allowance has been claimed
39 Fixture on which industrial buildings allowance has been made
40 Fixture on which research and development allowance has been made
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- 42 Effect of significant reduction in use for purposes of qualifying activity

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- 43 Relevant transactions: sale, hire-purchase (etc.) and assignment
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- 46 Expenditure which is first-year qualifying expenditure: general
47 Expenditure incurred 1992-93
48 Expenditure by small or medium-sized enterprises, 1997-98
49 Whether a company is a member of large or medium-sized group
50 Expenditure which is not first-year qualifying expenditure
51 Anti-avoidance

Supplementary provisions

- 52 Successions by beneficiaries
53 Subsections (6) and (7) of section 268 do not apply...

General

- 54 Vehicles provided by employees in 1990-91
55 Certain expenditure incurred before 6th April 1976
Part 5 — INDUSTRIAL BUILDINGS ALLOWANCES

Status: Point in time view as at 24/07/2005.

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Industrial buildings

- 56 Bridge undertakings
- 57 Building used by more than one licensee
- 58 Qualifying hotels
- 59 Non-industrial part of building disregarded

Qualifying expenditure

- 60 Purchase of used building from developer
- 61 Qualifying enterprise zone expenditure
- 62 Sections 301, 303 and 304 do not apply in relation...
- 63 If— (a) the relevant interest in a building was sold...

Initial allowances

- 64 Building occupied by qualifying licensee
- 65 Grants affecting entitlement to initial allowances

Writing-down allowances

- 66 Basic rule for calculating amount of allowance
- 67 Calculation of amount after relevant event

Balancing adjustments

- 68 When balancing adjustments are made
- 69 Net allowance given
- 70 For the purposes of section 324 an allowance is treated...
- 71 Balancing adjustment on realisation of capital value

Writing off qualifying expenditure

- 72 Writing off qualifying expenditure when building not an industrial building
- 73 Crown or other person not within the charge to tax entitled to the relevant interest

Highway undertakings

- 74 Special provisions relating to highway concessions

Additional VAT liabilities and rebates

- 75 Additional VAT liabilities and initial allowances: 1992-93 cases
- 76 Additional VAT liabilities and initial allowances: further case
- 77 1992-93 qualifying expenditure

Supplementary provisions

- 78 Arrangements having an artificial effect on pricing

General

- 79 Expenditure on preparatory work on land where building used before 6th April 1956
- Part 6 — AGRICULTURAL BUILDINGS ALLOWANCES
- 80 Overall limit on balancing charge

Status: Point in time view as at 24/07/2005.

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

82 Exclusion of expenditure incurred before 1st April 1986

83 The writing-down period

Part 7 — MINERAL EXTRACTION ALLOWANCES

Qualifying expenditure on acquiring a mineral asset

84 Qualifying expenditure where buildings or structures cease to be used

Qualifying expenditure: second-hand assets

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

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

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

88 Expenditure incurred pre-1st April 1986

Part 8 — RESEARCH AND DEVELOPMENT ALLOWANCES

89 Expenditure incurred partly on research and development

90 References to research and development in relation to new trades

91 Disposal of oil licences

Part 9 — PATENT ALLOWANCES

Expenditure incurred before 1st April 1986

92 Scope of paragraphs 93 to 101

93 Qualifying expenditure and unrelieved qualifying expenditure

94 Entitlement to writing-down allowances

95 The writing-down period

96 Calculation of writing-down allowances

97 End of writing-down allowances

98 Reduced writing-down allowance

99 Balancing allowance on sale or expiry of patent rights

100 Balancing charges

101 Giving effect to allowances and charges

Supplementary provisions

102 Limit on qualifying expenditure

Part 10 — DREDGING ALLOWANCES

103 Writing-down allowances

104 Balancing allowances

105 The writing-down period

Part 11 — CONTRIBUTIONS

106 Regional development grants

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

108 Conditions for allowances

109 Agricultural buildings

110 Sections 368, 375 and 379 apply with the necessary modifications,...

Part 12 — SUPPLEMENTAL

111 Transfer of insurance company business

112 Election regarding sale consideration

Part 13 — OTHER ENACTMENTS

113 (1) Subsections (2) and (3) of section 578A of ICTA...

114 Paragraph 18A of Schedule 30 to ICTA (transitional provisions and...

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- 115 The repeals made by CAA 1990 do not have effect...
- 116 (1) Sections 40A to 40D of F(No.2)A 1992 (films) apply...
- 117 Section 40D of F(No.2)A 1992 (election relating to tax treatment...

Schedule 4 — Repeals

Status:

Point in time view as at 24/07/2005.

Changes to legislation:

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