

*These notes refer to the Capital Allowances Act 2001  
(c.2) which received Royal Assent on 22nd March 2001*

# CAPITAL ALLOWANCES ACT 2001

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Glossary*

#### **Part 3: Industrial buildings allowances**

#### *Chapter 7: Balancing adjustments*

#### *Section 317: Balancing event where hotel not qualifying hotel for 2 years*

1084. This section is based on part of section 7(1) and sections 6(3) and 7(2) of CAA 1990. It provides an additional balancing event for what was previously a qualifying hotel. This occurs if for a period of two years it is no longer a qualifying hotel. “Qualifying hotel” is defined in section 279.
1085. *Subsection (1)* sets out the circumstances in which the balancing event arises.
1086. *Subsection (2)* contains provisions for the application of balancing adjustments by treating the event as a sale with proceeds equal to the market value of the building.
1087. *Subsections (3)* and *(4)* provide that the general rule in section 285 about temporary disuse applies for up to two years in which the building is not a qualifying hotel but not beyond that period.
1088. *Subsection (5)* provides that this section does not apply to qualifying enterprise zone expenditure.