



Capital Allowances Act 2001

2001 CHAPTER 2

PART 12

SUPPLEMENTARY PROVISIONS

CHAPTER 6

FINAL PROVISIONS

General interpretation

571 Application of Act to parts of assets

- (1) In this Act references to an asset of any kind (including a building or structure, plant or machinery or works) include a part of an asset.
- (2) But subsection (1) does not apply if the context otherwise requires.

572 References to sale of property and time of sale

- (1) In this Act references to the sale of property include—
 - (a) the exchange of property, and
 - (b) the surrender for valuable consideration of a leasehold interest (or, in Scotland, the interest of the tenant in property subject to a lease).
- (2) For the purposes of subsection (1), any provision of this Act referring to a sale has effect with the necessary modifications, including, in particular, those in subsection (3).
- (3) The modifications are that—
 - (a) references to the net proceeds of sale and to the price include the consideration for the exchange or surrender, and

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- (b) references to capital sums included in the net proceeds of sale or paid on a sale include so much of the consideration for the exchange or surrender as would have been a capital sum if it had been a money payment.
- (4) Any reference in this Act (except in Part 6) to the time of any sale is to be read as a reference to whichever is the earlier of—
- (a) the time of completion, and
 - (b) the time when possession is given.

573 Transfers treated as sales

- (1) This section applies for the purposes of Parts [^{F1}2A,]^{F2} ... 3A^{F2} ... ^{F3} ... and 10 and other provisions of this Act relevant to those Parts if—
- (a) there is a transfer of the interest which is the relevant interest for the purposes of the Part in question, and
 - (b) the transfer is not a sale.
- (2) The transfer is treated as a sale of the relevant interest.
- (3) The sale is treated as being at market value, subject to any election under section 569 (election to treat sale as being for alternative amount).
- (4) This section does not apply if section 561 applies (^{F4}transfer or division of UK business]).

Textual Amendments

- F1** Word in s. 573(1) inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, **3(14)**
- F2** Word in s. 573(1) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 18**
- F3** Word in s. 573(1) omitted (with effect in accordance with Sch. 39 para. 40 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 39 para. 38(7)** (with [Sch. 39 paras. 41, 42](#))
- F4** Words in s. 573(4) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, **10(8)** (with [regs. 39-41](#)); 2020 c. 1, Sch. 5 para. 1(1)

Modifications etc. (not altering text)

- C1** S. 573 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), **Sch. 10 para. 15(2)**; [S.I. 2005/1444](#), art. 2(1), Sch. 1
- C2** S. 573 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), **Sch. 13 para. 10(2)**

[^{F5}573A Freeport tax sites

In this Act, “freeport tax site” means an area for the time being designated under section 113 of the Finance Act 2021.]

Textual Amendments

- F5** [S. 573A](#) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **Sch. 22 para. 17**

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574 Meaning of “control”

- (1) In this Act “control” is used in the sense given in this section [^{F6}(but, for the purposes of section 575, this definition applies only where expressly indicated)].
- (2) In relation to a body corporate (“company A”), “control” means the power of a person (“P”) to secure—
 - (a) by means of the holding of shares or the possession of voting power in relation to that or any other body corporate, or
 - (b) as a result of any powers conferred by the articles of association or other document regulating that or any other body corporate,that the affairs of company A are conducted in accordance with P’s wishes.
- (3) In relation to a partnership, “control” means the right to a share of more than half of the assets, or of more than one half of the income, of the partnership.

Textual Amendments

- F6** Words in s. 574(1) inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 410](#) (with [Sch. 2](#))

[^{F7}575 Meaning of “connected” persons

- (1) For the purposes of this Act whether a person is connected with another is determined in accordance with this section unless otherwise indicated.
- (2) An individual (“A”) is connected with another individual (“B”) if—
 - (a) A is B's spouse or civil partner,
 - (b) A is a relative of B,
 - (c) A is the spouse or civil partner of a relative of B,
 - (d) A is a relative of B's spouse or civil partner, or
 - (e) A is the spouse or civil partner of a relative of B's spouse or civil partner.
- (3) A person, in the capacity as trustee of a settlement, is connected with—
 - (a) any individual who is a settlor in relation to the settlement,
 - (b) any person connected with such an individual,
 - (c) any close company whose participators include the trustees of the settlement,
 - (d) any non-UK resident company which, if it were UK resident, would be a close company whose participators include the trustees of the settlement,
 - (e) any body corporate controlled (within the meaning of section 574) by a company within paragraph or ,
 - (f) if the settlement is the principal settlement in relation to one or more sub-fund settlements, a person in the capacity as trustee of such a sub-fund settlement, and
 - (g) if the settlement is a sub-fund settlement in relation to a principal settlement, a person in the capacity as trustee of any other sub-fund settlements in relation to the principal settlement.
- (4) A person who is a partner in a partnership is connected with—
 - (a) any partner in the partnership,

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- (b) the spouse or civil partner of any individual who is a partner in the partnership, and
- (c) a relative of any individual who is a partner in the partnership.

But this subsection does not apply in relation to acquisitions or disposals of assets of the partnership pursuant to genuine commercial arrangements.

- (5) A company is connected with another company if—
- (a) the same person has control of both companies,
 - (b) a person (“A”) has control of one company and persons connected with A have control of the other company,
 - (c) A has control of one company and A together with persons connected with A have control of the other company, or
 - (d) a group of two or more persons has control of both companies and the groups either consist of the same persons or could be so regarded if (in one or more cases) a member of either group were replaced by a person with whom the member is connected.
- (6) A company is connected with another person (“A”) if—
- (a) A has control of the company, or
 - (b) A together with persons connected with A have control of the company.
- (7) In relation to a company, any two or more persons acting together to secure or exercise control of the company are connected with—
- (a) one another, and
 - (b) any person acting on the directions of any of them to secure or exercise control of the company.

Textual Amendments

F7 Ss. 575, 575A substituted for s. 575 (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 411](#) (with [Sch. 2](#))

575A Section 575: supplementary

- (1) In section 575 and this section—
- “company” includes any body corporate or unincorporated association, but does not include a partnership (and see also subsection (2)),
 - “control” is to be read in accordance with [^{F8}sections 450 and 451 of CTA 2010] (except where otherwise indicated),
 - “principal settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992,
 - “relative” means brother, sister, ancestor or lineal descendant,
 - “settlement” has the same meaning as in Chapter 5 of Part 5 of ITTOIA 2005 (see section 620 of that Act), and
 - “sub-fund settlement” has the meaning given by paragraph 1 of Schedule 4ZA to TCGA 1992.
- (2) For the purposes of section 575—
- (a) a unit trust scheme is treated as if it were a company, and

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- (b) the rights of the unit holders are treated as if they were shares in the company.
 - (3) For the purposes of section 575 “trustee”, in the case of a settlement in relation to which there would be no trustees apart from this subsection, means any person—
 - (a) in whom the property comprised in the settlement is for the time being vested, or
 - (b) in whom the management of that property is for the time being vested.
- Section 466(4) of ITA 2007 does not apply for the purposes of this subsection.
- (4) If any provision of section 575 provides that a person (“A”) is connected with another person (“B”), it also follows that B is connected with A.]

Textual Amendments

- F7** Ss. 575, 575A substituted for s. 575 (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 411](#) (with [Sch. 2](#))
- F8** Words in s. 575A(1) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 362](#) (with [Sch. 2](#))

F9 576 Meaning of “the Inland Revenue” etc.

Textual Amendments

- F9** S. 576 repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 85](#), [Sch. 5](#); S.I. 2005/1126, art. 2(2)(h)(i)

577 Other definitions

- (1) In this Act—
 - “dual resident investing company” has the same meaning as in ^{F10}section 949 of CTA 2010 (dual resident investing companies);
 - “market value”, in relation to any asset, means the price the asset would fetch in the open market;
 - “the normal time limit for amending a tax return”, in relation to a tax year, means the first anniversary of the 31st January following the tax year;
 - “notice” means a notice in writing;
 - “property business” means ^{F11}a UK property business^{F12} ... or an overseas property business;
 - “ tax return ” has the meaning given by section 3(3);
 - ^{F13}
 - ^{F14}
- (2) Any reference to the setting up, commencement or permanent discontinuance of—
 - (a) a trade,
 - (b) a property business,
 - (c) a profession, or
 - (d) a vocation,

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includes, except where the contrary is expressly provided, the occurring of an event which, under any provision of the Income Tax Acts or Corporation Tax Acts, is to be treated as equivalent to the setting up, commencement or permanent discontinuance of a trade, property business, profession or vocation.

- [^{F15}(2A) A person's ceasing to carry on a trade, property business, profession or vocation is treated for the purposes of this Act as the permanent discontinuance of the trade, property business, profession or vocation, whether or not it is in fact discontinued.
- (2B) For income tax purposes, a change in the persons carrying on a trade, property business, profession or vocation is not treated as the permanent discontinuance of the trade, property business, profession or vocation if a person carrying it on immediately before the change continues to carry it on after the change.
- (2C) For corporation tax purposes, a change in the persons carrying on a trade or property business is not treated as the permanent discontinuance of the trade or property business if a company carrying it on in partnership immediately before the change continues to carry it on in partnership after the change.]
- (3) Any reference in this Act to an allowance made includes an allowance which would be made but for an insufficiency of profits, or other income, against which to make it.
- (4) For the purposes of this Act a person obtains a tax advantage if he—
- (a) obtains an allowance or a greater allowance, or
 - (b) avoids a charge or secures the reduction of a charge.
- (5) In Schedule 1—
- (a) Part 1 gives the meaning of abbreviated references in this Act to Acts about tax, and
 - (b) Part 2 lists where expressions used in this Act are defined or otherwise explained.

Textual Amendments

- F10** Words in s. 577(1) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 363](#) (with [Sch. 2](#))
- F11** Words in s. 577(1) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 573](#) (with [Sch. 2](#))
- F12** Words in s. 577(1) repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 520\(2\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F13** Words in s. 577(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 412\(a\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F14** Words in s. 577(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 412\(b\)](#), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))
- F15** S. 577(2A)-(2C) inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 520\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))

Modifications etc. (not altering text)

- C3** S. 577(3) excluded (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 675\(2\)](#), 1184(1) (with [Sch. 2](#))
- C4** S. 577(3) excluded (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [ss. 687\(4\)](#), 1184(1) (with [Sch. 2](#))

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