



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 2A

STRUCTURES AND BUILDINGS ALLOWANCES

[^{F1}CHAPTER 4

THE RELEVANT INTEREST IN THE BUILDING OR STRUCTURE

Textual Amendments

- F1** Pt. 2A inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, 2

270DA General rule as to what is the relevant interest

- (1) The relevant interest in relation to any qualifying expenditure is the interest in the building or structure to which the person who incurred the expenditure on its construction was entitled when the expenditure was incurred.
- (2) Subsection (1) is subject to the following provisions of this Chapter and to sections 270FB (highway undertakings) and 270IG (provisions applying on termination of lease).
- (3) If—
 - (a) the person who incurred the expenditure on construction was entitled to more than one interest in the building or structure when the expenditure was incurred, and
 - (b) one of those interests was reversionary on all the others,the reversionary interest is the relevant interest.

Status: Point in time view as at 05/07/2019.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, CHAPTER 4. (See end of Document for details)

- (4) For the purposes of section 270AA(2), on the sale of the relevant interest in a building or structure, the seller (and not the purchaser) is treated as the person who has the relevant interest on the day of transfer.

270DB Interest acquired on completion of construction

For the purposes of determining the relevant interest, a person who—

- (a) incurs expenditure on the construction of a building or structure, and
- (b) is entitled to an interest in the building or structure on or as a result of the completion of the construction,

is treated as having had that interest when the expenditure was incurred.

270DC Effect of creation of subordinate interest

- (1) An interest does not cease to be the relevant interest merely because of the creation of a lease or other interest to which that interest is subject.
- (2) This is subject to section 270DD (leases granted for 35 years or more).

270DD Leases granted for 35 years or more

- (1) This section applies if—
 - (a) qualifying capital expenditure has been incurred on the construction or acquisition of a building or structure,
 - (b) a lease of the building or structure is granted out of the interest which is the relevant interest in relation to the qualifying expenditure, and
 - (c) the effective duration of the lease is equal to, or exceeds, 35 years.
- (2) If the market value of the retained interest in the building or structure is less than one third of the capital sum given as consideration for the lease—
 - (a) the lessee is treated, for the purposes of this Part, as acquiring the relevant interest in the building or structure on the grant of the lease, and
 - (b) on the expiry or surrender of the lease, the lessor is treated, for the purposes of this Part, as acquiring the relevant interest from the lessee.
- (3) The capital sum given as consideration for the lease is treated for the purposes of subsection (2) as excluding the amount, in respect of any premium required to be paid under the lease, that is brought into account as a receipt in calculating the lessor's profits for the purposes of ITTOIA 2005 or CTA 2009 (determined in accordance with section 277 of ITTOIA 2005 or section 217 of CTA 2009).
- (4) For the purposes of this section, the “effective duration” of a lease is to be determined in accordance with section 303 of ITTOIA 2005 or section 243 of CTA 2009.

270DE Merger of leasehold interest

- (1) Subsection (2) applies if the relevant interest is a leasehold interest which is extinguished on the person entitled to the interest acquiring the interest which is reversionary on it.
- (2) The interest into which the leasehold interest merges becomes the relevant interest when the leasehold interest is extinguished.]

Status:

Point in time view as at 05/07/2019.

Changes to legislation:

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