



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 4A

FLAT CONVERSION ALLOWANCES

[^{F1}CHAPTER 9

SUPPLEMENTARY PROVISIONS

Textual Amendments

- F1** Pt. 4A (ss. 393A-393W) inserted (with effect as mentioned in s. 67 of the amending Act) by [Finance Act 2001 \(c. 9\), s. 67, Sch. 19 Pt. 1](#)

393T Giving effect to allowances and charges

- (1) This section applies if a person is entitled or liable under this Part to an allowance or charge for a chargeable period.
- (2) If the person's interest in the flat is an asset of a Schedule A business carried on by him at any time in that period, the allowance or charge is to be given effect in calculating the profits of that business for that period, by treating—
 - (a) the allowance as an expense of that business, and
 - (b) the charge as a receipt of that business.
- (3) If the person's interest in the flat is not an asset of a Schedule A business carried on by him at any time in that period, the allowance or charge is to be given effect by treating him as if he had been carrying on a Schedule A business in that period and as if—
 - (a) the allowance were an expense of that business, and
 - (b) the charge were a receipt of that business.

Status: Point in time view as at 11/05/2001.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 9. (See end of Document for details)

393U Apportionment of sums partly referable to non-qualifying assets

- (1) If the sum paid for the sale of the relevant interest in a flat is attributable—
 - (a) partly to assets representing expenditure for which an allowance can be made under this Part, and
 - (b) partly to assets representing other expenditure,
 only so much of the sum as on a just and reasonable apportionment is attributable to the assets referred to in paragraph (a) is to be taken into account for the purposes of this Part.
- (2) Subsection (1) applies to other proceeds from a balancing event in respect of a flat as it applies to a sum given for the sale of the relevant interest in the flat.
- (3) Subsection (1) does not affect any other provision of this Act requiring an apportionment of the proceeds of a balancing event.

393V Provisions applying on termination of lease

- (1) This section applies for the purposes of this Part if a lease is terminated.
- (2) If, with the consent of the lessor, the lessee of a flat remains in possession of the flat after the termination without a new lease being granted to him the lease is treated as continuing so long as the lessee remains in possession.
- (3) If on the termination a new lease is granted to the lessee as a result of the exercise of an option available to him under the terms of the first lease, the second lease is treated as a continuation of the first.
- (4) If on the termination the lessor pays a sum to the lessee in respect of a flat comprised in the lease, the lease is treated as if it had come to an end by surrender in consideration of the payment.
- (5) If on the termination—
 - (a) another lease is granted to a different lessee, and
 - (b) in connection with the transaction that lessee pays a sum to the person who was the lessee under the first lease,
 the two leases are to be treated as if they were the same lease which had been assigned by the lessee under the first lease to the lessee under the second lease in consideration of the payment.

393W Meaning of “lease” etc.

- (1) In this Part “ lease ” includes—
 - (a) an agreement for a lease if the term to be covered by the lease has begun, and
 - (b) any tenancy,
 but does not include a mortgage (and “ lessee ”, “ lessor ” and “ leasehold interest ” are to be read accordingly).
- (2) In the application of this Part to Scotland—
 - (a) “ leasehold interest ” (or “ leasehold estate ”) means the interest of a tenant in property subject to a lease, and

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- (b) any reference to an interest which is reversionary on a leasehold interest or on a lease is to be read as a reference to the interest of the landlord in the property subject to the leasehold interest or lease.]

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Changes to legislation:

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