Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 10

LONG-LIFE ASSETS

Anti-avoidance provisions

104 Disposal value of long-life assets

(1) This section applies if—

(a) section 102 (writing-down allowances at 6%) has had effect in relation to any long-life asset expenditure incurred by a person ("the taxpayer"),

(b) any disposal event occurs in relation to the long-life asset,

(c) the disposal value to be brought into account by the taxpayer would (but for this section) be less than the notional written-down value of the long-life asset, and

(d) the disposal event is part of, or occurs as a result of, a scheme or arrangement the main purpose or one of the main purposes of which is the obtaining by the taxpayer of a tax advantage under this Part.

(2) The disposal value that the taxpayer must bring into account is the notional written-down value of the long-life asset.

(3) The notional written-down value is—

$$\mathrm{QE} - A$$

where—

QE is the taxpayer's expenditure on the plant or machinery that is qualifying expenditure, and

A is the total of all allowances which could have been made to the taxpayer in respect of that expenditure if—

(a) that expenditure had been the only expenditure that had ever been taken into account in determining his available qualifying expenditure,

(b) that expenditure had not been prevented by the application of a monetary limit from being long-life asset expenditure, and

(c) all allowances had been made in full.