



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 11

OVERSEAS LEASING

Recovery of excess allowances

112 Excess allowances: connected persons

- (1) Section 111 applies with the modifications in subsections (2) to (4) in a case in which—
- (a) the owner acquired the plant or machinery as a result of a transaction between connected persons (or a series of transactions each of which was between connected persons),
 - [^{F1}(b) the transaction (or each of the transactions) is one—
 - (i) which involved all of the persons carrying on the qualifying activity before the transaction permanently ceasing to carry it on, or
 - (ii) in respect of which the qualifying activity carried on by the person making the disposal was not treated as continuing under section 114(1) or 343(2) of ICTA (effect of partnership changes involving companies or of company reconstructions), and]
 - (c) any of the connected persons is a person to whom—
 - (i) a first-year allowance or a normal writing-down allowance has been made in respect of expenditure on the provision of the plant or machinery, or
 - (ii) a balancing allowance has been made in respect of such expenditure without a first-year allowance or normal writing-down allowance having been claimed.

Status: Point in time view as at 06/04/2005. This version of this provision has been superseded.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 112. (See end of Document for details)

- (2) For the purposes of section 111(2) and (3)—
- E is the amount of the expenditure in respect of which an allowance within subsection (1)(c) has been made,
- F is the amount of any first-year allowance within subsection (1)(c), and
- N is the amount of any normal writing-down allowance or balancing allowance within subsection (1)(c).
- (3) For the purposes of section 111(2) and (3), any consideration paid or received on a disposal of the plant or machinery between the connected persons is to be disregarded.
- (4) If a balancing allowance or a balancing charge has been made in respect of any of the transactions, the amount representing $F + N$ is to be adjusted in a just and reasonable manner.

^{F2}(5)

Textual Amendments

- F1** S. 112(1)(b) substituted for s. 112(1)(b) (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 538\(2\)](#) (with [Sch. 2](#))
- F2** S. 112(5) repealed (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 538\(3\)](#), [3](#) (with [Sch. 2](#))

Status:

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Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 112.