



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 19

GIVING EFFECT TO ALLOWANCES AND CHARGES

Special leasing of plant or machinery

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- (1) This section applies for income tax purposes if the qualifying activity of a person entitled or liable to an allowance or charge for a chargeable period (“the current tax year”) is special leasing of plant or machinery.
- (2) Subject to subsection (3), the allowance is to be given effect by deducting it from the person’s income for the current tax year from any qualifying activity the person has of special leasing of plant or machinery.
- (3) If the plant or machinery leased under the special leasing was not used for the whole or any part of the current tax year for the purposes of a qualifying activity carried on by the lessee—
 - (a) the allowance, or
 - (b) a proportionate part of it,is to be given effect by deducting the allowance, or the part of the allowance, from the person’s income for the current tax year from that special leasing only.
- (4) Any charge is to be given effect by treating the charge as income to be taxed under Case VI of Schedule D.

Status: *This is the original version (as it was originally enacted).*

- (5) If the amount to be deducted from a description of income specified in subsection (2) or (3) exceeds the person's income of that description for the current tax year, the excess must be deducted from the person's income of the same description for the next tax year, and so on for subsequent tax years.
- (6) For the purposes of this section, income from special leasing of plant or machinery includes any charge treated as income under subsection (4).
- (7) In this section, references to deducting an allowance (or a part of an allowance) from income include setting it off against income.