



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

260 Special leasing: corporation tax (excess allowance)

- (1) This section applies if the amount to be deducted from a description of income specified in section 259(2) or (3) exceeds the company's income of that description for the current accounting period.
- (2) Subject to subsections (3) to (6), the excess must (if the company remains within the charge to tax) be deducted from the company's income of the same description for the next accounting period (and so on for subsequent accounting periods).
- (3) The company may, on making a claim, require the excess to be deducted from any profits—
 - (a) of the current accounting period, and
 - (b) if the company was then within the charge to tax, of any previous accounting period ending within the carry-back period.
- (4) The carry-back period is a period which—
 - (a) is of the same length as the current accounting period, and
 - (b) ends at the start of the current accounting period.

Status: This is the original version (as it was originally enacted).

- (5) If the preceding accounting period began before the start of the carry-back period, the total amount of deductions that may be made from the profits of the preceding accounting period under—
 - (a) subsection (3), and
 - (b) any corresponding provision of the Corporation Tax Acts relating to losses, must not exceed a part of those profits proportionate to the part of the period falling within the carry-back period.
- (6) A claim under subsection (3) must be made no later than 2 years after the end of the current accounting period.
- (7) If the deduction of the allowance (or of part of it) was subject to the restriction in section 259(3)—
 - (a) subsections (3) to (6), and
 - (b) section 403 of ICTA (group relief),do not apply in relation to the allowance (or part of it).
- (8) In this section “profits” has the same meaning as in section 6 of ICTA (charge to corporation tax etc.).