



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 20

SUPPLEMENTARY PROVISIONS

[^{F1}Co-ownership authorised contractual schemes

[^{F1}262ACo-ownership schemes: calculation of allowance after election

- (1) This section applies where an election under section 262AB has effect for an accounting period of a co-ownership authorised contractual scheme (“the relevant period”).
- (2) The operator of the scheme is to calculate the allowances that would be available to the scheme under this Part in relation to the relevant period on the basis of the assumptions in subsection (3).
- (3) The assumptions are—
 - (a) the scheme is a person;
 - (b) the relevant period is a chargeable period for the purposes of this Act;
 - (c) any qualifying activity carried on by the participants in the scheme together is carried on by the scheme;
 - (d) property which was subject to the scheme at the beginning of the first accounting period for which the election has effect—
 - (i) ceased to be owned by the participants at that time, and
 - (ii) was acquired by the scheme at that time;

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 262AC. (See end of Document for details)

- (e) the disposal value to be brought into account in relation to the cessation of ownership and the acquisition referred to in paragraph (d) is the tax written-down value;
 - (f) any property which became subject to the scheme at a time during an accounting period for which the election has effect was acquired by the scheme at that time;
 - (g) property which ceased to be subject to the scheme at any such time ceased to be owned by the scheme at that time;
 - (h) the disposal value to be brought into account in relation to the cessation of ownership referred to in paragraph (g) is the tax written-down value;
 - (i) the scheme is not entitled to a first-year allowance or an annual investment allowance in respect of any expenditure.
- (4) The operator of the co-ownership authorised contractual scheme must allocate to each participant in the scheme a proportion (which may be zero) of the allowances calculated under this section.
- (5) The allocation is to be on the basis of what is just and reasonable.
- (6) In determining what is just and reasonable—
- (a) regard is to be had in particular to the relative size of each participant's holding of units in the scheme;
 - (b) no regard is to be had to—
 - (i) whether or to what extent a participant is liable to income tax or corporation tax, or
 - (ii) any other circumstances relating to a participant's liability to tax.
- (7) If the participants in the scheme together carry on more than one qualifying activity, the calculation and allocation under this section are to be made separately for each activity.
- (8) The proportion of an allowance allocated by the operator to a participant under this section for a qualifying activity is the total amount of the allowance available to the participant under this Part in relation to the relevant period by virtue of carrying on that activity as a participant in the scheme.
- (9) In this section “tax written-down value”, in relation to any cessation of ownership or acquisition, means such amount as would give rise to neither a balancing allowance nor a balancing charge.
- (10) For the purposes of subsection (9) assume that expenditure to which the disposal value relates is in its own pool.
- (11) For the purposes of subsections (3)(c) and (9), assume that profits or gains arising to all participants from the qualifying activity are, or (if there were any) would be, chargeable to tax.]

Textual Amendments

F1 Ss. 262AA-262AF and cross-heading inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 40](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 262AC.