



Capital Allowances Act 2001

2001 CHAPTER 2

PART 3

INDUSTRIAL BUILDINGS ALLOWANCES

CHAPTER 12

SUPPLEMENTARY PROVISIONS

357 Arrangements having an artificial effect on pricing

(1) If—

- (a) the relevant interest in a building is sold,
- (b) related arrangements have been entered into, at or before the time when the sale price is fixed, which had the effect at that time of enhancing the value of the relevant interest, and
- (c) the arrangements contain a provision which has an artificial effect on pricing (see subsection (4)),

the sum paid on the sale of the relevant interest is to be treated for the purposes of arriving at qualifying expenditure as reduced to what it would have been if the arrangements had not contained the provision having that artificial effect.

(2) If—

- (a) qualifying expenditure is equal to a price paid on a sale of the relevant interest in a building,
 - (b) related arrangements have been entered into, at or before the time when the sale price is fixed, which had the effect at that time of enhancing the value of the relevant interest, and
 - (c) the arrangements contain a provision which has an artificial effect on pricing,
- the proceeds from any balancing event subsequently occurring in relation to the building are to be treated for the purposes of this Part as reduced to what they would

Status: This is the original version (as it was originally enacted).

have been if the arrangements had not contained the provision having that artificial effect.

- (3) “Related arrangements” means arrangements between two or more persons which relate—
- (a) to an interest in or right over the building, or
 - (b) to other arrangements made with respect to such an interest or right;
- and for this purpose it is immaterial whether the interest or right in question is granted by the person entitled to the relevant interest or another person.
- (4) Arrangements contain a provision having an artificial effect on pricing to the extent that they go beyond what could reasonably have been regarded as required in comparable commercial transactions by the market conditions prevailing when the arrangements were entered into.
- (5) “Comparable commercial transactions” means transactions—
- (a) involving interests in or rights over buildings of the same kind as (or of a similar kind to) the building to which the arrangements relate, and
 - (b) made by persons dealing with each other at arm’s length in the open market.