



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 4

FIRST-YEAR QUALIFYING EXPENDITURE

Types of expenditure which may qualify for first-year allowances

[^{F1}45N Effect of plant or machinery subsequently being primarily for use outside designated assisted areas

- (1) Expenditure on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45K if, at any relevant time—
 - (a) the primary use to which the plant and machinery is put is other than in an area which was a [^{F2}relevant area] at the time the expenditure was incurred, or
 - (b) the plant or machinery is held for use otherwise than primarily in an area which was [^{F3}a relevant] area at that time.
- (2) “Relevant time” means a time which—
 - (a) falls within the relevant period, and
 - (b) is a time when the plant or machinery is owned by—
 - (i) the person who incurred the expenditure, or
 - (ii) a person who is, or at any time in that period has been, connected with that person.
- (3) “The relevant period” means the period of 5 years beginning with—
 - (a) the day on which the plant or machinery in question is first brought into use for the purposes of a qualifying activity carried on by the company, or
 - (b) if earlier, the day on which it is first held for such use.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 45N. (See end of Document for details)

- [“Relevant area” means—
- ^{F4}(3A) (a) in relation to expenditure which would be within subsection (7A) of section 45M if paragraph (a) of that subsection were omitted, a designated assisted area within the meaning of section 45K which falls within Article 107(3)(a) of the Treaty on the Functioning of the European Union, and
- (b) in relation to any other expenditure, a designated assisted area within the meaning of section 45K.]
- (4) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).
- (5) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, that person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.
- (6) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.]

Textual Amendments

- F1** Ss. 45K-45N inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), **Sch. 11 para. 3**
- F2** Words in s. 45N(1) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 13 para. 5(2)(a)**
- F3** Words in s. 45N(1) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 13 para. 5(2)(b)**
- F4** S. 45N(3A) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), **Sch. 13 para. 5(3)**

Modifications etc. (not altering text)

- C1** Pt. 2 modified (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **s. 9(1)(a)**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 45N.