



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 5

ALLOWANCES AND CHARGES

[^{F1}Application of Chapter to person leaving cash basis

[^{F1}66A Persons leaving cash basis

[^{F2}(1) This section applies if—

- (a) a person carrying on a trade, profession, vocation or property business (“the business”) leaves the cash basis in a chargeable period,
- (b) the person has incurred expenditure at a time when the profits of the business are calculated on the cash basis,
- (c) some or all of the expenditure was brought into account in calculating the profits of the business on the cash basis, and
- (d) the expenditure would have been qualifying expenditure if the profits of the business had not been calculated on the cash basis at the time the expenditure was incurred.]

(2) In this section—

- (a) the “relieved portion” of the expenditure is the [^{F3}higher of the following]—
 - (i) [^{F4}the amount of that expenditure for which] a deduction was allowed in calculating the profits of the trade, profession[^{F5}, vocation or property business], or
 - (ii) [^{F4}the amount of that expenditure for which] a deduction would have been so allowed if the expenditure had been incurred wholly and

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 66A. (See end of Document for details)

- exclusively for the purposes of the trade, profession^[F5], vocation or property business];
- (b) the “unrelieved portion” of the expenditure is any remaining amount of the expenditure.
- (3) For the purposes of determining any entitlement of the person to an annual investment allowance or a first-year allowance, the person is to be treated as incurring the unrelieved portion of the expenditure in the chargeable period.
- (4) For the purposes of determining the person's available qualifying expenditure in a pool for the chargeable period (see section 58)—
- (a) the whole of the expenditure must be allocated to the appropriate pool (or pools) in that chargeable period, and
- (b) the available qualifying expenditure in a pool to which the expenditure (or some of it) is allocated is reduced by the relieved portion of that expenditure.
- (5) For the purposes of determining any disposal receipts (see section 60), the expenditure incurred by the person is to be regarded as qualifying expenditure.
- (6) For the purposes of this section a person carrying on a trade, profession or vocation leaves the cash basis in a chargeable period if—
- (a) immediately before the beginning of the chargeable period ^[F6]the cash basis applied] in relation to the trade, profession or vocation, and
- (b) ^[F7]the cash basis does not apply] in relation to the trade, profession or vocation for the chargeable period.
- [For the purposes of this section a person carrying on a property business leaves the ^{F8}(7) cash basis in a chargeable period (“tax year X”) if the profits of the business are calculated—
- (a) in accordance with GAAP (see section 271B of ITTOIA 2005) for tax year X, and
- (b) on the cash basis (see section 271D of that Act) for the previous tax year.
- (8) Subsection (11) of section 1A (capital allowances and charges: cash basis) applies for the purposes of this section as it applies for the purposes of that section.]]

Textual Amendments

- F1** S. 66A and cross-heading inserted (with effect in accordance with Sch. 4 paras. 56, 57 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), **Sch. 4 para. 48**
- F2** S. 66A(1) substituted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 2 para. 53(2)**
- F3** Words in s. 66A(2)(a) substituted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 2 para. 53(3)(a)**
- F4** Words in s. 66A(2)(a)(i)(ii) inserted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 2 para. 53(3)(b)**
- F5** Words in s. 66A(2)(a) substituted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 2 para. 53(3)(c)**
- F6** Words in s. 66A(6)(a) substituted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), **Sch. 10 paras. 41(a)**, 47 (with [Sch. 10 paras. 48-50](#))
- F7** Words in s. 66A(6)(b) substituted (for the tax year 2024-25 and subsequent tax years) by [Finance Act 2024 \(c. 3\)](#), **Sch. 10 paras. 41(b)**, 47 (with [Sch. 10 paras. 48-50](#))

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F8 S. 66A(7)(8) inserted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 2 para. 53\(4\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 66A.