

Status: Point in time view as at 22/04/2003.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, SCHEDULE 19. (See end of Document for details)

SCHEDULES

SCHEDULE 19

Section 59

CAPITAL ALLOWANCES: CARS WITH LOW CARBON DIOXIDE EMISSIONS

Introductory

1 The Capital Allowances Act 2001 (c. 2) is amended as follows.

Types of expenditure for which first-year allowances available

2 In section 39, after the entry relating to section 45A add,

“section 45D	expenditure on cars with low CO ₂ emissions,”.
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First-year qualifying expenditure: car with low carbon dioxide emissions

3 After section 45C insert—

“45D Expenditure on cars with low carbon dioxide emissions

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is incurred in the period beginning with 17th April 2002 and ending with 31st March 2008,
 - (b) it is expenditure on a car which is first registered on or after 17th April 2002 and which is unused and not second-hand,
 - (c) the car—
 - (i) is an electrically-propelled car, or
 - (ii) is a car with low CO₂ emissions, and
 - (d) the expenditure is not excluded by section 46 (general exclusions).
- (2) For the purposes of this section a car with low CO₂ emissions is a car which satisfies the conditions in subsections (3) and (4).
- (3) The first condition is that, when the car is first registered, it is so registered on the basis of an EC certificate of conformity, or a UK approval certificate, that specifies—
 - (a) in the case of a car other than a bi-fuel car, a CO₂ emissions figure in terms of grams per kilometre driven, or
 - (b) in the case of a bi-fuel car, separate CO₂ emissions figures in terms of grams per kilometre driven for different fuels.
- (4) The second condition is that the applicable CO₂ emissions figure in the case of the car does not exceed 120 grams per kilometre driven.

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- (5) For the purposes of subsection (4) the applicable CO₂ emissions figure in the case of a car other than a bi-fuel car is—
- (a) where the EC certificate of conformity or UK approval certificate specifies only one CO₂ emissions figure, that figure, and
 - (b) where the certificate specifies more than one CO₂ emissions figure, the figure specified as the CO₂ emissions (combined) figure.
- (6) For the purposes of subsection (4) the applicable CO₂ emissions figure in the case of a bi-fuel car is—
- (a) where the EC certificate of conformity or UK approval certificate specifies more than one CO₂ emissions figure in relation to each fuel, the lowest CO₂ emissions (combined) figure specified, and
 - (b) in any other case, the lowest CO₂ figure specified by the certificate.
- (7) The Treasury may by order amend the amount from time to time specified in subsection (4).
- (8) In this section any reference to a car—
- (a) includes a reference to a mechanically propelled road vehicle of a type commonly used as a hackney carriage, but
 - (b) does not include a reference to a motorcycle.
- (9) For the purposes of this section, a car is an electrically-propelled car only if—
- (a) it is propelled solely by electrical power, and
 - (b) that power is derived from—
 - (i) a source external to the vehicle, or
 - (ii) an electrical storage battery which is not connected to any source of power when the vehicle is in motion.
- (10) In this section—
- “bi-fuel car” means a car which is capable of being propelled by—
- (a) petrol and road fuel gas, or
 - (b) diesel and road fuel gas;
- “car” has the meaning given by section 81 (extended meaning of “car”);
- “diesel” means any diesel fuel within the definition in Article 2 of Directive 98/70/EC of the European Parliament and of the Council;
- “EC certificate of conformity” means a certificate of conformity issued by a manufacturer under any provision of the law of a member State implementing Article 6 of Council Directive 70/156/EEC, as amended;
- “petrol” has the meaning given by Article 2 of Directive 98/70/EC of the European Parliament and of the Council;
- “road fuel gas” has the same meaning as in section 168AB of ICTA;
- “UK approval certificate” means a certificate issued under—
- (a) section 58(1) or (4) of the Road Traffic Act 1988, or

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(b) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981.”.

General exclusions affecting first-year qualifying expenditure

4 (1) Section 46 is amended as follows.

(2) In subsection (1) (expenditure which is subject to the general exclusions) after the entry relating to section 45A add “,

section 45D	(expenditure on cars with low CO ₂ emissions),”.
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(3) After subsection (2) (general exclusions listed for the purposes of subsection (1)) insert—

“(3) Subsection (1) is subject to the following provisions of this section.

(4) General exclusion 2 does not prevent expenditure being first-year qualifying expenditure under section 45D.”.

Amount of first-year allowances

5 In section 52(3), in the Table, after the entry relating to expenditure qualifying under section 45A add—

“Expenditure qualifying under section 45D (expenditure on cars with low CO ₂ emissions)	100%”.
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Single asset pool in relation to cars above cost threshold

6 In section 74, in subsection (2) (cars to which section 74 applies) after paragraph (b) insert “, and

(c) the qualifying expenditure incurred on the provision of the car is not first-year qualifying expenditure under section 45D (expenditure on cars with low CO₂ emissions)”.

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