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**Status:** Point in time view as at 01/01/2004.

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## SCHEDULES

### SCHEDULE 30

Section 167

#### FIRST-YEAR ALLOWANCES FOR EXPENDITURE ON ENVIRONMENTALLY BENEFICIAL PLANT OR MACHINERY

##### *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—

- (a) after “under” insert “ any of the following provisions ”;
- (b) at the end of the entry relating to section 45E, omit “or”;
- (c) after the entry relating to section 45F add—

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“section 45H	expenditure on environmentally beneficial plant or machinery.”.
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##### *First-year qualifying expenditure on environmentally beneficial plant or machinery*

3 After section 45G insert—

##### *“Expenditure on environmentally beneficial plant or machinery*

**45H(1)** Expenditure is first-year qualifying expenditure if—

- (a) it is expenditure on environmentally beneficial plant or machinery that is unused and not second-hand,
- (b) it is incurred on or after 1st April 2003,
- (c) it is not long-life asset expenditure, and
- (d) it is not excluded by section 46 (general exclusions).

(2) Environmentally beneficial plant or machinery means plant or machinery in relation to which the following conditions are met—

- (a) when the expenditure is incurred, or
- (b) when the contract for the provision of the plant or machinery is entered into.

(3) The conditions are that the plant or machinery—

- (a) is of a description specified by Treasury order, and
- (b) meets the environmental criteria specified by Treasury order for plant or machinery of that description.

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- (4) The Treasury may make such orders under subsection (3) as appear to them appropriate to promote the use of technologies, or products, designed to remedy or prevent damage to the physical environment or natural resources.
- (5) Any such order may make provision by reference to any technology list, or product list, issued by the Secretary of State (whether before or after the coming into force of this section).

*Certification of environmentally beneficial plant and machinery*

- 45I** (1) The Treasury may by order provide that, in such cases as may be specified in the order, no section 45H allowance may be made unless a relevant certificate of environmental benefit is in force.

A “section 45H allowance” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45H.

- (2) A certificate of environmental benefit is one certifying that—
  - (a) particular plant or machinery, or
  - (b) plant or machinery constructed to a particular design,
 meets the environmental criteria specified in relation to that description of plant or machinery by order under section 45H.
- (3) A relevant certification of environmental benefit means one issued—
  - (a) by the Secretary of State or a person authorised by the Secretary of State;
  - (b) in the case of plant or machinery used or for use in Scotland, by the Scottish Ministers or a person authorised by them;
  - (c) in the case of plant or machinery used or for use in Wales, by the National Assembly for Wales or a person authorised by it;
  - (d) in the case of plant or machinery used or for use in Northern Ireland, by the Department of Enterprise, Trade and Investment in Northern Ireland or a person authorised by it.
- (4) If a certification of environmental benefit is revoked—
  - (a) the certificate is treated for the purposes of this section as if it had never been issued, and
  - (b) all such assessments and adjustments shall be made as are necessary as a result of the revocation.
- (5) If a person who has made a tax return becomes aware that, as a result of the revocation of a certificate of environmental benefit after the return was made, the return has become incorrect, he must give notice to the Inland Revenue specifying how the return needs to be amended.
- (6) The notice must be given within three months beginning with the day on which the person first became aware that anything in the tax return had become incorrect because of the revocation of the certificate.

*Environmentally beneficial components of plant or machinery*

- 45J** (1) This section applies for the purpose of apportioning expenditure incurred on plant or machinery where one or more of the components of the plant or

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machinery (but not all of it) is of a description specified by Treasury order under section 45H(3).

- (2) If—
- (a) only one of the components is of such a description, and
  - (b) an amount is specified by the order in respect of that component,
- the part of the expenditure that is section 45H expenditure must not exceed that amount.
- (3) If—
- (a) more than one of the components is of such a description, and
  - (b) an amount is specified by the order in respect of each of those components,
- the part of the expenditure that is section 45H expenditure must not exceed the total of those amounts.
- (4) If the expenditure is treated under this Act as incurred in instalments, the proportion of each instalment that is section 45H expenditure is the same as the proportion of the whole expenditure that is section 45H expenditure.
- (5) Where this section applies, the expenditure is not apportioned under section 562(3) (apportionment where property sold with other property).
- (6) In this section “section 45H expenditure” means expenditure that is first-year qualifying expenditure under section 45H.”.

*General exclusions affecting first-year qualifying expenditure*

- 4 (1) In section 46(1)—
- (a) after “under” insert “ any of the following provisions ”;
  - (b) at the end of the entry relating to section 45E, omit “or”;
  - (c) after the entry relating to section 45F add—

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“section 45H	expenditure on environmentally beneficial plant or machinery.”.
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- (2) In section 46(5) for “or 45E” substitute “ , 45E or 45H ”.

*Amount of first-year allowances*

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

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“Expenditure qualifying under section 45H (expenditure on environmentally beneficial plant or machinery)	100%”.
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*Penalty for failure to provide information etc*

- 6 In the second column of the Table in section 98 of the Taxes Management Act 1970 (c. 9) (penalty for failure to provide information etc), in the entry relating to requirements imposed by the Capital Allowances Act 2001 (c. 2), after “45G(5) and (6)” insert “, 45I(5) and (6)”.

*Transitory provision: expenditure incurred etc before first order made*

- 7 (1) For the purposes of section 45H(2) of the Capital Allowances Act 2001, where—
- (a) expenditure on plant or machinery is incurred, or a contract for the provision of plant or machinery is entered into, before the first order is made under section 45H(3) of that Act, and
  - (b) if that order had been made before the relevant time, the conditions in section 45H(3) of that Act would have been met,
- those conditions shall be treated as if they were met at the relevant time.
- (2) In sub-paragraph (1) “the relevant time” means the time when the expenditure was incurred or (as the case may be) the contract was entered into.

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