



Finance Act 2008

2008 CHAPTER 9

PART 3

CAPITAL ALLOWANCES

Plant and machinery: first-year allowances

75 First-year allowance for small and medium-sized enterprises discontinued

- (1) CAA 2001 is amended as follows.
- (2) Omit section 44 (expenditure incurred by small or medium-sized enterprises).
- (3) In consequence of the repeal made by subsection (2)—
 - (a) in the list in section 39 (provisions under which first-year allowances available), omit the entry relating to section 44,
 - (b) in the list in section 46(1) (provisions subject to general exclusions), omit the entry relating to section 44,
 - (c) omit sections 47 to 49 (definition of small and medium-sized enterprises), and
 - (d) in section 52(3) (first-year allowances) omit—
 - (i) in the table, the entry relating to expenditure qualifying under section 44, and
 - (ii) the words from “In the case” to the end.
- (4) Omit the following provisions (which relate to provisions repealed by subsection (3))
 - (a) section 142 of FA 2004 (increase in first-year allowance under section 44 for 2004),
 - (b) section 30 of FA 2006 (increase in first-year allowance under section 44 for 2006), and
 - (c) section 37 of FA 2007 (increase in first-year allowance under section 44 for 2007).

Status: Point in time view as at 01/04/2010.

Changes to legislation: Finance Act 2008, Cross Heading: Plant and machinery: first-year allowances is up to date with all changes known to be in force on or before 21 July 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (5) The repeals made by subsections (2) and (3) have effect in relation to expenditure incurred on or after the relevant date.
- (6) But subsection (7) applies in relation to an additional VAT liability incurred on or after the relevant date which under section 235 of CAA 2001 is treated as qualifying expenditure.
- (7) If the original expenditure (within the meaning of that section) was first-year qualifying expenditure by virtue of section 44 of CAA 2001, Chapter 18 of Part 2 of that Act (additional VAT liabilities and rebates) applies to the additional VAT liability as if the provisions repealed by this section were not so repealed.
- (8) The relevant date is—
 - (a) for corporation tax purposes, 1 April 2008, and
 - (b) for income tax purposes, 6 April 2008.

76 Repeal of spent first-year allowances

- (1) CAA 2001 is amended as follows.
- (2) Omit sections 40 to 43 (first-year allowance for Northern Ireland expenditure incurred on or before 11 May 2002).
- (3) Omit section 45 (first-year allowance for ICT expenditure incurred on or before 31 March 2004).
- (4) In Schedule 3 (transitionals and savings), omit paragraphs 46 to 51 (first-year allowance for additional VAT liabilities).
- (5) In consequence of the amendments made by subsections (2) to (4), omit the following provisions—
 - (a) in the list in section 39 (provisions under which first-year allowances available), the entries relating to section 40 and section 45,
 - (b) in section 46 (general exclusions)—
 - (i) in the list in subsection (1), the entries relating to section 40 and section 45, and
 - (ii) in the heading, from “**applying**” to “**45**”,
 - (c) section 51 (disclosure of information between HMRC and Northern Ireland department),
 - (d) in the table in section 52(3) (first-year allowances), the entries relating to expenditure qualifying under section 40 and expenditure qualifying under section 45,
 - (e) section 237(2) (exception to section 236 where section 43 applies), and
 - (f) in Schedule 3 (transitionals and savings), paragraph 14 (application of section 45).
- (6) In consequence of the amendments made by this section, omit—
 - (a) in section 98 of TMA 1970, in the second column of the table, in the entry relating to requirements imposed by CAA 2001, “43(5) and (6),”,
 - (b) sections 165 and 166 of FA 2003, and
 - (c) paragraph 84 of Schedule 4 to CRCA 2005.

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- (7) Subsection (8) applies in relation to an additional VAT liability incurred on or after the day this section comes into force which under section 235 of CAA 2001 is treated as qualifying expenditure.
- (8) If the original expenditure (within the meaning of that section) was first-year qualifying expenditure by virtue of a provision repealed by subsections (2) to (4), Chapter 18 of Part 2 of that Act (additional VAT liabilities and rebates) applies to the additional VAT liability as if that provision were not so repealed.

77 Cars with low carbon dioxide emissions

- (1) Section 45D of CAA 2001 (expenditure on cars with low carbon dioxide emissions) is amended as follows.
 - (2) In subsection (1)(a), for “2008” substitute “ 2013 ”.
 - (3) In subsection (4), for “120” substitute “ 110 ”.
 - (4) In consequence of the amendment made by subsection (2)—
 - ^{F1}(a)
 - ^{F2}(b)
 - (5) The amendment made by subsection (3) has effect in relation to expenditure incurred on or after 1 April 2008.
 - (6) But in relation to expenditure incurred on the hiring of a car—
 - (a) for a period of hire which begins on or before 31 March 2008, and
 - (b) under a contract entered into on or before 31 March 2008, [^{F3}section 50 of ITTOIA 2005 applies] on and after 1 April 2008 as if the amendment made by subsection (3) did not have effect.

Textual Amendments

- F1** S. 77(4)(a) and word repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))
- F2** S. 77(4)(b) omitted (with effect in accordance with Sch. 11 paras. 65-67 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 64\(a\)](#)
- F3** Words in s. 77(6) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 731](#) (with [Sch. 2 Pts. 1, 2](#))

78 Gas refuelling stations

- (1) Section 45E of CAA 2001 (expenditure on plant or machinery for gas refuelling station) is amended as follows.
 - (2) In subsection (1)(a), for “2008” substitute “ 2013 ”.
 - (3) After “natural gas” (in each place) insert “ , biogas ”.
 - (4) In subsection (4), before the definition of “gas refuelling station” insert—

““biogas” means gas produced by the anaerobic conversion of organic matter and used for propelling vehicles;”.

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- (5) The amendments made by subsections (3) and (4) have effect in relation to expenditure incurred on or after 1 April 2008.

79 First-year tax credits

Schedule 25 contains provision about the payment of first-year tax credits to companies in connection with certain first-year qualifying expenditure.

Status:

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