

CAPITAL ALLOWANCES ACT 2001

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Glossary

Part 2: Plant and machinery allowances

Chapter 14: Fixtures

Section 202: Interpretation

724. This section is based on section 51(2), (5) and (5A) and part of section 147(2D) of CAA 1990. It makes provision as to when a person is entitled to an allowance in respect of expenditure on the provision of a fixture. It also defines when “a person makes a claim under this Chapter”.
725. As in section 8, this has been rewritten so as to refer to allocating expenditure to a pool. CAA 1990 refers to taking expenditure “into account” for the purposes of section 24 of CAA 1990.
726. *Subsection (1)* means “entitled to an allowance in respect of expenditure on the provision of a fixture” includes having a pool to which that expenditure has been allocated.
727. This ensures that the term picks up cases in which:
- a balancing charge arises in a particular pool; and
 - the amount of the balancing charge is reduced because of the expenditure having been allocated to the pool.
728. *Subsection (2)* restricts this rule. It ensures that the term does not apply to a particular pool if, in a previous chargeable period, the taxpayer has been required to bring a disposal value into account in the pool in respect of the fixture.
729. Only disposal values brought into account by virtue of section 61(1) are affected by this. So, for example, a taxpayer is “entitled to an allowance” even if an additional VAT rebate has been made in respect of the fixture.
730. Furthermore, if a taxpayer starts to use a fixture partly for purposes other than that of the qualifying activity, a disposal value will be brought into account in respect of the pool to which the expenditure on the provision of the fixture was originally allocated. *Subsection (2)* means that the taxpayer will not be “entitled to an allowance in respect of the fixture” as far as that pool is concerned. However, the re-allocation of expenditure to a single asset pool under section 206(3) will mean that the taxpayer will be “entitled to an allowance in respect of the fixture” as far as the single asset pool is concerned. This is until there is a disposal event in respect of the single asset pool. The same applies if the taxpayer is in receipt of a partial depreciation subsidy.

*These notes refer to the Capital Allowances Act 2001
(c.2) which received Royal Assent on 22nd March 2001*

731. *Subsection (3)* defines what is meant in the Chapter by “making a claim” in respect of expenditure.