

SCHEDULES

SCHEDULE 3

TRANSITIONALS AND SAVINGS

PART 5

INDUSTRIAL BUILDINGS ALLOWANCES

Industrial buildings

Bridge undertakings

- 56 In section 274, item 8 of Table B (bridge undertakings) does not apply if the expenditure was treated as incurred before the end of the tax year 1956-57.

Building used by more than one licensee

- 57 Section 278 does not apply if the licence was granted before 10th March 1982.

Qualifying hotels

- 58 (1) Section 279 does not apply if the expenditure on the construction of the building was incurred before 12th April 1978.
- (2) Expenditure is not to be treated for the purposes of sub-paragraph (1) as having been incurred after the date on which it was in fact incurred by reason only of section 10(1) of CAA 1990.

Non-industrial part of building disregarded

- 59 Section 283(2) applies with the substitution of “10%” for “25%” if the expenditure was incurred before 16th March 1983.

Qualifying expenditure

Purchase of used building from developer

- 60 Section 297 does not apply if the purchase price on the sale by the developer mentioned in subsection (1)(b) of that section became payable before 27th July 1989.

Qualifying enterprise zone expenditure

- 61 Sections 300 and 302 do not apply if—

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- (a) the purchase price payable on the sale of the relevant interest in the building before it was used, or
- (b) if there was more than one such sale before the building was used, the purchase price payable on the last of those sales,

became payable before 16th December 1991.

62 Sections 301, 303 and 304 do not apply in relation to buildings first used before 16th December 1991.

63 If—

- (a) the relevant interest in a building was sold on a date falling after the end of the period of two years beginning with the date on which the building or structure was first used; and
- (b) that period ended, and the date on which the relevant interest was transferred fell, within the period beginning with 13th January 1994 and ending with 31st August 1994,

paragraphs (c) and (d) of sections 301(1) and 303(1) apply as if the period there referred to were the period beginning with the date on which the building or structure was first used and ending with 31st August 1994.

Initial allowances

Building occupied by qualifying licensee

64 Section 305(1)(b) does not apply if the licence was granted before 10th March 1982.

Grants affecting entitlement to initial allowances

65 Section 308(2)(c) applies as if the reference to a grant under section 101 of the Greater London Authority Act 1999 (c. 29) included a reference to a grant under section 12 of the London Regional Transport Act 1984 (c. 32) or section 3 of the Transport (London) Act 1969 (c. 35).

Writing-down allowances

Basic rule for calculating amount of allowance

66 Section 310(1)(b) applies with the substitution of “2%” for “4%” in the case of expenditure incurred before 6th November 1962.

Calculation of amount after relevant event

67 Section 311(1) applies with the substitution (in the definition of “B”) of “50 years” for “25 years” in the case of expenditure incurred before 6th November 1962.

Balancing adjustments

When balancing adjustments are made

68 Section 314(4) applies with the substitution of “50 years” for “25 years” if the qualifying expenditure was incurred before 6th November 1962.

Net allowance given

- 69 (1) Section 324 applies in relation to a mills, factories or exceptional depreciation allowance as it applies in relation to an allowance of any kind mentioned in that section.
- (2) In sub-paragraph (1) “mills, factories or exceptional depreciation allowance”, in relation to any building or structure, means—
- (a) any allowance granted for a tax year under section 15 of FA 1937 in respect of it or premises of which it forms part, including any amount which under that section was to be allowed as a deduction in computing profits or gains for that year, and
 - (b) any allowance granted under section 19 of FA 1941 in respect of it or premises of which it forms part.
- (3) Where such an allowance as is mentioned in sub-paragraph (2) was granted in respect of premises which include several buildings or structures—
- (a) the whole amount of the allowance is to be apportioned between the buildings and structures, and
 - (b) only that part of the allowance which is apportioned to the building or structure in question is to be taken into account.
- 70 For the purposes of section 324 an allowance is treated as having been made to a woman in relation to any qualifying expenditure if—
- (a) it was made to her husband for a chargeable period ending before 6th April 1990 in respect of an interest of hers which was the relevant interest in relation to that expenditure,
 - (b) a balancing event occurs on or after that date, and
 - (c) she is entitled to all or part of the proceeds from that balancing event.

Balancing adjustment on realisation of capital value

- 71 Sections 328 to 331 do not apply if the capital expenditure referred to in section 327 was incurred under a contract which—
- (a) was entered into before 13th January 1994, and
 - (b) was not a conditional contract which became unconditional on or after 26th February 1994.

Writing off qualifying expenditure

Writing off qualifying expenditure when building not an industrial building

- 72 For the purposes of section 336 a building is not treated as having been an industrial building—
- (a) under item 5(b) or (c) or 6 of Table A in section 274 (working foreign plantations or fishing) for any tax year before 1953-54, or
 - (b) under item 7 of Table B in section 274 (tunnel undertakings) for any tax year before 1952-53.

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Crown or other person not within the charge to tax entitled to the relevant interest

- 73 Section 339 does not apply by virtue of subsection (1)(b) if the interest was sold before 29th July 1988.

Highway undertakings

Special provisions relating to highway concessions

- 74 Sections 341(4)(a), 343 and 344 do not apply in relation to expenditure incurred before 6th April 1995.

Additional VAT liabilities and rebates

Additional VAT liabilities and initial allowances: 1992-93 cases

- 75 (1) This paragraph applies if—
- (a) a person was entitled to an initial allowance in respect of 1992-93 qualifying expenditure,
 - (b) the person entitled to the relevant interest in relation to that expenditure incurs an additional VAT liability in respect of that expenditure, and
 - (c) the additional VAT liability is incurred at a time when the building is, or is to be, an industrial building—
 - (i) occupied for the purposes of a trade carried on by the person entitled to the relevant interest or a qualifying lessee, or
 - (ii) used for the purposes of trade carried on by a qualifying licensee.
- (2) If this paragraph applies, the person entitled to the relevant interest is entitled to an initial allowance on the amount of the additional VAT liability.
- (3) The amount of the initial allowance is 20% of the additional VAT liability.
- (4) The allowance is made for the chargeable period in which the additional VAT liability accrues.
- (5) The persons mentioned in sub-paragraph (1)(a) and (b) need not be the same.
- (6) In this paragraph “qualifying lessee” and “qualifying licensee” have the same meaning as in section 305.

Additional VAT liabilities and initial allowances: further case

- 76 (1) This paragraph applies if—
- (a) a person was entitled to an initial allowance in respect of qualifying enterprise zone expenditure, and
 - (b) the person entitled to the relevant interest in relation to that expenditure incurs an additional VAT liability in respect of that expenditure,
- but there is no entitlement to an initial allowance under section 346 because the condition in subsection (1)(d) of that section is not met.
- (2) If in such a case—

- (a) the conditions in paragraph 74(1) are met except for the condition that the original entitlement to an initial allowance was in respect of 1992-93 qualifying expenditure, and
 - (b) some or all of the qualifying enterprise zone expenditure would have been 1992-93 qualifying expenditure but for paragraph 76(2),
- the person entitled to the relevant interest is entitled to an initial allowance under paragraph 74(3) on the appropriate part or on all of the additional VAT liability (as the case may be).
- (3) The allowance is made for the chargeable period in which the additional VAT liability accrues.

1992-93 qualifying expenditure

- 77 (1) “1992-93 qualifying expenditure” means expenditure which is—
- (a) qualifying expenditure which is within section 294 and is 1992-93 construction expenditure, or
 - (b) the 1992-93 element of qualifying expenditure which is within section 295 or 296.
- (2) Qualifying enterprise zone expenditure is not to be taken into account as 1992-93 qualifying expenditure for the purposes of sub-paragraph (1).
- (3) Expenditure is 1992-93 construction expenditure if it was incurred on the construction of a building under a contract which was entered into—
- (a) in the period beginning with 1st November 1992 and ending with 31st October 1993, or
 - (b) for the purpose of securing compliance with obligations under a contract entered into in that period,
- and which was not entered into for the purpose of securing compliance with obligations under a contract entered into before 1st November 1992.
- (4) The 1992-93 element of qualifying expenditure within section 295 or 296 is—

$$QE \times \frac{E}{T}$$

where—

QE is the amount of qualifying expenditure,

E is the amount of 1992-93 construction expenditure, and

T is the amount of expenditure on the construction of the building.

- (5) If the expenditure on the construction of the building was incurred by a person carrying on a trade as a developer who—
- (a) was entitled to the relevant interest in the building before 1st November 1992, and
 - (b) sold that interest in the course of that trade under a contract entered into in the period beginning with 1st November 1992 and ending with 31st October 1993,

the 1992-93 construction expenditure for the purposes of sub-paragraph (4) includes any expenditure on the construction of the building incurred under a contract entered

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into before 1st November 1993 or for the purpose of securing compliance with obligations under such a contract.

Supplementary provisions

Arrangements having an artificial effect on pricing

- 78 Section 357 does not apply if the sale price fixed as mentioned in subsections (1) and (2)—
- (a) became payable before 29th November 1994; or
 - (b) was fixed by a contract entered into before 29th November 1994 and became payable before 6th April 1995.

General

Expenditure on preparatory work on land where building used before 6th April 1956

- 79 (1) Sub-paragraph (2) applies where section 21(9) of CAA 1990 (expenditure on preparatory work on land where building used before 6th April 1956) applied to any expenditure immediately before the commencement of Part 3 of this Act, so that Part I of that Act (industrial buildings and structures) except for section 1 (initial allowances) applied to part of the expenditure separately from the remainder.
- (2) Where this sub-paragraph applies, Part 3 of this Act, except for Chapter 5, similarly applies to the part of the expenditure separately from the remainder.