

## SCHEDULES

### SCHEDULE 4

#### TAXATION PROVISIONS

##### PART I

##### CORPORATION TAX

###### *Capital allowances in cases where paragraph 19 does not apply*

- 20 (1) Subject to paragraph 21 below, the Capital Allowances Acts shall have effect in accordance with this paragraph in relation to any property if—
- (a) it is property to which a relevant transfer relates; and
  - (b) paragraph 19 above does not apply in relation to its transfer to the transferee; and in this paragraph “the relevant scheme”, in relation to property to which a relevant transfer relates, means the restructuring scheme that provides for that transfer.
- (2) Where—
- (a) subsection (6) of section 21 of the 1990 Act (transfer of industrial buildings or structures to be deemed to be sale at market price) applies on the relevant transfer in relation to the property, and
  - (b) the relevant scheme contains provision for the sale of that property which is deemed to occur by virtue of that subsection (6) to be deemed for the purposes of the Capital Allowances Acts to be at a price specified in or determined in accordance with the scheme,
- that deemed sale shall be treated as a sale at the price so specified or determined (instead of at the price determined in accordance with that subsection or any other provision of those Acts), sections 157 and 158 of the 1990 Act shall not apply and that provision of the scheme shall have an equivalent effect in relation to the expenditure which the transferee is to be treated as having incurred in making the corresponding purchase.
- (3) Where the property is plant or machinery which would, for the purposes of the Capital Allowances Acts, be treated on the coming into force of the relevant transfer as disposed of by the predecessor to the transferee and the relevant scheme contains provision for the disposal value of that property to be deemed for the purposes of those Acts to be of such amount as may be specified in or determined in accordance with the scheme—
- (a) that provision shall have effect, instead of section 26(1) or 59 of the 1990 Act, for determining an amount as the disposal value of the property or, as the case may be, as the price at which any fixture is to be treated as sold;
  - (b) the transferee shall be deemed to have incurred expenditure of that amount on the provision of that property; and

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*Status: This is the original version (as it was originally enacted).*

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- (c) in the case of a fixture, the expenditure which falls to be treated as incurred by the transferee shall be deemed for the purposes of section 54 of that Act to be incurred by the giving of a consideration consisting in a capital sum of that amount.

(4) Where—

- (a) the predecessor has been carrying on a trade of mineral extraction, and
- (b) the relevant scheme contains provision for the amount specified in or determined in accordance with the scheme to be brought into account under section 99 of the 1990 Act (disposal receipts in relation to mineral extraction allowances) as a disposal receipt,

that amount, instead of any other amount, shall be so brought into account as such a receipt in respect of the transfer of the property in accordance with the relevant scheme or of the predecessor's otherwise ceasing to use the property in consequence of that transfer.

(5) Where—

- (a) the acquisition of the property by the transferee in accordance with the relevant scheme would be a balancing event for the purposes of Part V of the 1990 Act (agricultural buildings etc.) if an election were made under section 129(2) of that Act, and
- (b) the relevant scheme contains provision for the price paid by the transferee to the predecessor for the property to be deemed, for the purposes of the Capital Allowances Acts, to be such amount as may be specified in or determined in accordance with the scheme,

such an election shall be deemed to have been made and the sale moneys related to that event shall be deemed for the purposes of section 128(2) of that Act (calculation of balancing allowance or charge) to be equal to that amount.

(6) Where—

- (a) the transfer of the property in accordance with the relevant scheme would be a relevant event for the purposes of section 138 of the 1990 Act (assets representing allowable scientific research expenditure ceasing to belong to traders), and
- (b) the relevant scheme contains provision for an amount specified in or determined in accordance with the scheme to be treated for the purposes of subsection (2) of that section as the disposal value of that property,

that section shall have effect accordingly.

- (7) A disposal or acquisition in relation to which provision is made by the relevant scheme under any of sub-paragraphs (4) to (6) above shall not for any of the purposes of the 1990 Act be treated as, or as part of, a transaction falling within section 157(1) (a) of that Act (sales between connected persons etc.).

- (8) Sub-paragraphs (5) and (6) of paragraph 19 above shall apply in relation to any determination of any amount in accordance with any provision made by a restructuring scheme for the purposes of this paragraph as they apply for the purposes of a determination such as is mentioned in those sub-paragraphs.