

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

# CAPITAL ALLOWANCES ACT 2001

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## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Glossary*

#### **Part 2: Plant and machinery allowances**

#### *Chapter 13: Provisions affecting mining and oil industries*

#### *Section 165: Abandonment expenditure within 3 years of ceasing ring fence trade*

613. This section is based on section 62B of CAA 1990. It deals with abandonment expenditure after the cessation of the ring fence trade.
614. If the ring fence trade has ceased, then the relief provided by section 164 will not be available.
615. There is no election needed but the expenditure must be incurred within three years of the cessation of the ring fence trade. Section 5 determines when capital expenditure is incurred.
616. If the expenditure qualifies then there is no special allowance as such but the additional expenditure is added to the pool for the last period of trading. That will increase the balancing allowance or reduce the balancing charge so the net result is the same.