

CAPITAL ALLOWANCES ACT 2001

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Glossary

Part 3: Industrial buildings allowances

Chapter 7: Balancing adjustments

Section 328: Balancing adjustment on realisation of capital value

- 1111. This section is based on sections 4(1)(dd), 4A(1), 5(2A) and (9A)(a) and (b) of CAA 1990. It provides an additional balancing event if capital value is realised in respect of a building which is or has been an industrial building in an enterprise zone. “Capital value” is defined in section 331(1).
- 1112. *Subsection (2)* prohibits a balancing event within this section from giving rise to a balancing allowance.
- 1113. *Subsection (3)* provides that the proceeds from the balancing event are to be taken as the amount of capital value realised.
- 1114. *Subsection (4)* provides two special rules for calculating a balancing adjustment when there is a balancing event under this section.
- 1115. *Subsection (5)* provides that capital value is realised if capital value is paid in respect of a subordinate interest in land to which the relevant interest in the building is or will be subject. *Subsection (6)* gives the date that capital value is realised as the date that payment is made.
- 1116. *Subsection (7)* provides that “the amount of capital value realised” in subsection (3) is the capital value that is attributable to the subordinate interest under section 329.