



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 14

FIXTURES

Cessation of ownership of fixtures

188 Cessation of ownership when person ceases to have qualifying interest

- (1) This section applies if a person is treated as the owner of a fixture under—
 - (a) section 176 (person with interest in land having fixture for purposes of qualifying activity),
 - (b) section 181 (purchaser of land giving consideration for fixture),
 - (c) section 182 (purchaser of land discharging obligations of equipment lessee),
 - (d) section 183 (incoming lessee where lessor entitled to allowances), or
 - (e) section 184 (incoming lessee where lessor not entitled to allowances).
- (2) If the person ceases at any time to have the qualifying interest, he is to be treated as ceasing to be the owner of the fixture at that time.
- (3) In this Chapter “the qualifying interest” means—
 - (a) if section 176, 181 or 182 applies, the interest in the relevant land referred to in that section, and
 - (b) if section 183 or 184 applies, the lease referred to in that section.
- (4) This section is subject to section 189.

189 Identifying the qualifying interest in special cases

- (1) If—
 - (a) a person's qualifying interest is an agreement to acquire an interest in land, and
 - (b) that interest is subsequently transferred or granted to that person,the interest transferred or granted is to be treated as the qualifying interest.
- (2) If a person's qualifying interest ceases to exist as a result of its being merged in another interest acquired by that person, that other interest is to be treated as the qualifying interest.
- (3) If—
 - (a) the qualifying interest is a lease, and
 - (b) on its termination, a new lease of the relevant land (with or without other land) is granted to the lessee,the new lease is to be treated as the qualifying interest.
- (4) If—
 - (a) the qualifying interest is a licence, and
 - (b) on its termination, a new licence to occupy the relevant land (with or without other land) is granted to the licensee,the new licence is to be treated as the qualifying interest.
- (5) If—
 - (a) the qualifying interest is a lease, and
 - (b) with the consent of the lessor, the lessee remains in possession of the relevant land after the termination of the lease without a new lease being granted to him,the qualifying interest is to be treated as continuing so long as the lessee remains in possession of the relevant land.

190 Cessation of ownership of lessor where section 183 applies

- (1) This section applies if a lessee is treated under section 183 (incoming lessee where lessor entitled to allowances) as the owner of a fixture.
- (2) The lessor is to be treated as ceasing to be the owner of the fixture when the lessee begins to be treated as the owner.

191 Cessation of ownership on severance of fixture

- If—
- (a) a person is treated as the owner of the fixture as a result of any provision of this Chapter,
 - (b) the fixture is permanently severed from the relevant land (so that it ceases to be a fixture), and
 - (c) once it is severed, it is not in fact owned by that person,
- that person is to be treated as ceasing to be the owner of the fixture when it is severed.

192 Cessation of ownership of equipment lessor

- (1) This section applies if an equipment lessor is treated under section 177 as the owner of a fixture.
- (2) If—
 - (a) the equipment lessor at any time assigns his rights under the equipment lease, or
 - (b) the financial obligations of the equipment lessee under an equipment lease are at any time discharged (on the payment of a capital sum or otherwise),the equipment lessor is to be treated as ceasing to be the owner of the fixture at that time (or, as the case may be, at the earliest of those times).
- (3) The reference in subsection (2)(b) to the equipment lessee is, in a case where the financial obligations of the equipment lessee have become vested in another person (by assignment, operation of law or otherwise), a reference to the person in whom the obligations are vested when the capital sum is paid.