



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 16B

CAP ON FIRST-YEAR ALLOWANCES^{F2}...

Textual Amendments

- F1** Pt. 2 Ch. 16B inserted (with effect in accordance with Sch. 7 para. 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 7 para. 6](#)
- F2** Words in Pt. 2 Ch. 16B heading omitted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 7\(2\)](#)

212T Cap on first-year allowances: zero-emission goods vehicles

- (1) A section 45DA allowance is not available in respect of expenditure (“the current expenditure”) incurred by a person (“the investor”)—
- (a) if section 45DA allowances have previously been made in respect of undertaking expenditure of 85 million euros, or
 - (b) (where paragraph (a) does not apply) if, and to the extent that, the aggregate of—
 - (i) the undertaking expenditure in respect of which section 45DA allowances have previously been made, and
 - (ii) the current expenditure,exceeds 85 million euros.
- (2) “Undertaking expenditure” means—
- (a) expenditure incurred by the investor,

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- (b) if the investor is a partnership, expenditure incurred (at any time) by a person who is a partner enterprise forming part of the investor at the time the current expenditure is incurred, and
 - (c) if the investor and one or more other persons together form, or have at any time formed, an undertaking, expenditure which is—
 - (i) incurred by that undertaking, or
 - (ii) incurred by any of those other persons at a relevant time.
- (3) Expenditure is incurred by a person at a “relevant time” if it is incurred—
- (a) at a time when the investor and the person are part of the same undertaking, or
 - (b) at a time before the investor and the person became part of the same undertaking (or, if they became part of the same undertaking on more than one occasion, before the last time).
- (4) For the purposes of subsection (1), expenditure incurred in a currency other than the euro is to be converted into its equivalent in euros using the spot rate of exchange for the day on which the expenditure is incurred.
- (5) The Treasury may by regulations increase the amount specified in subsection (1)(a) and (b).
- (6) In this section—
- “section 45DA allowance” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45DA;
 - “undertaking” means—
 - (a) an autonomous enterprise, or
 - (b) an enterprise (not within paragraph (a)) and its partner enterprises (if any) and its linked enterprises (if any),
- and “enterprise”, “autonomous enterprise”, “partner enterprise” and “linked enterprise” have the meaning given by Annex 1 to the Commission Regulation [^{F3}(EU) No 651/2014] (General block exemption Regulation)[^{F4}as it had effect in the United Kingdom immediately before IP completion day].

Textual Amendments

- F3** Words in s. 212T(6) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 6](#)
- F4** Words in s. 212T(6) inserted (31.12.2020) by [The Taxes \(State Aid\) \(Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1499\)](#), regs. 1, [3\(4\)](#)

[^{F5}212U] **Cap on first-year allowances: expenditure on plant and machinery for use in designated assisted areas**

- (1) A section 45K allowance is not available in respect of expenditure (“the current expenditure”) incurred by a person (“the investor”) in respect of a particular designated assisted area—
- (a) if section 45K allowances have previously been made to any person in respect of P&M expenditure of 125 million euros incurred in respect of that area and on the same single investment project as the current expenditure, or
 - (b) (where paragraph (a) does not apply) if, and to the extent that, the aggregate of—

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- (i) the P&M expenditure incurred by any person in respect of that area, and on the same single investment project as the current expenditure, in respect of which section 45K allowances have previously been made, and
 - (ii) the current expenditure,exceeds 125 million euros.
- (2) For the purposes of subsection (1), any reference to P&M expenditure incurred in respect of a designated assisted area is a reference to expenditure incurred on the provision of plant or machinery for use primarily in that area.
- (3) For the purposes of subsection (1), expenditure incurred in a currency other than the euro is to be converted into its equivalent in euros using the spot rate of exchange for the day on which the expenditure is incurred.
- (4) The Treasury may by regulations increase the amount specified in subsection (1)(a) and (b).
- (5) In this section—
 - “designated assisted area” has the meaning given by section 45K;
 - “section 45K allowance” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45K;
 - “single investment project” has the same meaning as in Commission Regulation [^{F6}(EU) No 651/2014] (General block exemption Regulation)] [^{F7}as it had effect in the United Kingdom immediately before IP completion day].

Textual Amendments

- F5** S. 212U inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 7\(1\)](#)
- F6** Words in s. 212U(5) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 7](#)
- F7** Words in s. 212U(5) inserted (31.12.2020) by [The Taxes \(State Aid\) \(Amendments\) \(EU Exit\) Regulations 2020 \(S.I. 2020/1499\)](#), regs. 1, [3\(5\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, CHAPTER 16B.