



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 5

ALLOWANCES AND CHARGES

Available qualifying expenditure

57 Available qualifying expenditure

- (1) The general rule is that a person's available qualifying expenditure in a pool for a chargeable period consists of—
- (a) any qualifying expenditure allocated to the pool for that period in accordance with section 58, and
 - (b) any unrelieved qualifying expenditure carried forward in the pool from the previous chargeable period under section 59.
- (2) A person's available qualifying expenditure in a pool for a chargeable period also includes any amount allocated to the pool for that period under—
- section 26(3) (net costs of demolition);
 - section 86(2) or 87(2) (allocation of expenditure in short-life asset pool);
 - section 111(3) (overseas leasing: standard recovery mechanism);
 - section 129(1), 132(2), 133(3) or 137 (provisions relating to operation of single ship pool and deferment of balancing charges in respect of ships);
 - section 165(3) (abandonment expenditure incurred after cessation of ring fence trade);
 - section 206(3) (plant or machinery used partly for purposes other than those of the qualifying activity);

Status: This is the original version (as it was originally enacted).

section 211(4) (partial depreciation subsidy paid).

- (3) A person's available qualifying expenditure does not include any expenditure excluded by—
- section 8(4) or 9(1) (rules against double relief);
 - section 166(2) (transfers of interests in oil fields: anti-avoidance);
 - section 185(2), 186(2) or 187(2) (restrictions where other claims made in respect of fixture);
 - section 218(1), 224(1), 228(2), 242(2), or 243(2) (general anti-avoidance provisions).
- (4) Subsection (1) is also subject to section 220 (allocation to chargeable periods of expenditure incurred on plant or machinery for leasing under finance lease).

58 Initial allocation of qualifying expenditure to pools

- (1) The following rules apply to the allocation of a person's qualifying expenditure to the appropriate pool.
- (2) An amount of qualifying expenditure is not to be allocated to a pool for a chargeable period if that amount has been taken into account in determining the person's available qualifying expenditure for an earlier chargeable period.
- (3) Qualifying expenditure is not to be allocated to a pool for a chargeable period before that in which the expenditure is incurred.
- (4) Qualifying expenditure is not to be allocated to a pool for a chargeable period unless the person owns the plant or machinery at some time in that period.
- (5) If a first-year allowance is made in respect of an amount of first-year qualifying expenditure—
- (a) subject to subsection (6), none of that amount is to be allocated to a pool for the chargeable period in which the expenditure is incurred, and
 - (b) the amount that may be allocated to a pool for any chargeable period is limited to the balance left after deducting the first-year allowance.
- (6) If—
- (a) a first-year allowance is made in respect of an amount of first-year qualifying expenditure,
 - (b) a disposal event occurs in respect of the plant or machinery in any chargeable period, and
 - (c) none of the balance left after deducting the first-year allowance has been allocated to a pool for an earlier chargeable period,
- the balance (or some of it) must be allocated to a pool for the chargeable period in which the disposal event occurs.
- (7) Subsection (6) applies even if the balance is nil (because of a 100% first-year allowance).
- (8) "The appropriate pool" means whichever pool is applicable under the provisions of this Part apart from this section.

59 Unrelieved qualifying expenditure

- (1) A person has unrelieved qualifying expenditure to carry forward from a chargeable period if for that period AQE exceeds TDR.
- (2) The amount of the unrelieved qualifying expenditure is—
 - (a) the excess less the writing-down allowance made for the period, or
 - (b) if no writing-down allowance is claimed for the period, the excess.
- (3) No amount may be carried forward as unrelieved qualifying expenditure from the final chargeable period.