



Capital Allowances Act 2001

2001 CHAPTER 2

PART 3

INDUSTRIAL BUILDINGS ALLOWANCES

CHAPTER 6

WRITING-DOWN ALLOWANCES

309 Entitlement to writing-down allowance

- (1) A person is entitled to a writing-down allowance for a chargeable period if—
 - (a) qualifying expenditure has been incurred on a building,
 - (b) at the end of that chargeable period, the person is entitled to the relevant interest in the building in relation to that expenditure, and
 - (c) at the end of that chargeable period, the building is an industrial building.
- (2) A person claiming a writing-down allowance may require the allowance to be reduced to a specified amount.

310 Basic rule for calculating amount of allowance

- (1) The basic rule is that the writing-down allowance for a chargeable period is—
 - (a) in the case of qualifying enterprise zone expenditure, 25% of the expenditure, and
 - (b) in the case of other qualifying expenditure, 4% of the expenditure.
- (2) The allowance is proportionately increased or reduced if the chargeable period is more or less than a year.
- (3) This basic rule does not apply if section 311 applies.

Status: This is the original version (as it was originally enacted).

311 Calculation of allowance after sale of relevant interest

- (1) If a relevant event occurs, the writing-down allowance for any chargeable period ending after the event is—

$$\text{RQE} \times \frac{\text{A}}{\text{B}}$$

where—

RQE is the amount of the residue of qualifying expenditure immediately after the event,

A is the length of the chargeable period, and

B is the length of the period from the date of the event to the end of the period of 25 years beginning with the day on which the building was first used.

- (2) On any later relevant event, the writing-down allowance is further adjusted in accordance with this section.
- (3) “Relevant event” means—
- (a) a sale of the relevant interest in the building which is a balancing event to which section 314 applies, or
 - (b) an event which is a relevant event for the purposes of this section under section 347 or 349 (additional VAT liabilities and rebates).

312 Allowance limited to residue of qualifying expenditure

- (1) The amount of the writing-down allowance for a chargeable period is limited to the residue of qualifying expenditure.
- (2) For this purpose the residue is ascertained immediately before writing off the writing-down allowance at the end of the chargeable period.

313 Meaning of “the residue of qualifying expenditure”

The residue of qualifying expenditure is the qualifying expenditure that has not yet been written off in accordance with Chapter 8.