

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

SCHEDULES

^{F1}SCHEDULE A1 **U.K.**

Section 262A

Textual Amendments

- F1** [Sch. A1](#) repealed (with effect in accordance with s. 33(5) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), s. 33(1)(c)

SCHEDULE 1 **U.K.**

Section 577

ABBREVIATIONS AND DEFINED EXPRESSIONS

PART 1 **U.K.**

ABBREVIATIONS

[^{F2} FA followed by a year	The Finance Act of that year]
[^{F2} F(No.2)A followed by a year	The Finance (No.2) Act of that year.]
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
CAA 1968	The Capital Allowances Act 1968 (c. 3)
TMA 1970	The Taxes Management Act 1970 (c. 9)
F3	F3
...	...
OTA 1975	The Oil Taxation Act 1975 (c. 22)
F3	F3
...	...
F3	F3

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...	...
F3	F3
...	...
F3	F3
...	...
ICTA	The Income and Corporation Taxes Act 1988 (c. 1)
F3	F3
...	...
CAA 1990	The Capital Allowances Act 1990 (c. 1)
TCGA 1992	The Taxation of Chargeable Gains Act 1992 (c. 12)
F3	F3
...	...
VATA 1994	The Value Added Tax Act 1994 (c. 23)
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
F3	F3
...	...
[^{F4} ITEPA 2003	The Income Tax (Earnings and Pensions) Act 2003]
[^{F5} ITTOIA 2005	The Income Tax (Trading and Other Income) Act 2005]
F3	F3
...	...
F3	F3
...	...
[^{F6} ITA 2007	The Income Tax Act 2007.]
[^{F7} CTA 2009	The Corporation Tax Act 2009]
[^{F8} CTA 2010	The Corporation Tax Act 2010]

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Textual Amendments

- F2** Words in Sch. 1 Pt. 1 inserted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(3\)](#)
- F3** Words in Sch. 1 Pt. 1 omitted (21.7.2009) by virtue of [Finance Act 2009 \(c. 10\), s. 126\(4\)](#)
- F4** Words in Sch. 1 Pt. 1 inserted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\), s. 723, Sch. 6 para. 255](#) (with Sch. 7)
- F5** Words in Sch. 1 Pt. 1 inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 1 para. 574\(2\)](#) (with Sch. 2)
- F6** Words in Sch. 1 Pt. 1 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 413\(2\)](#) (with Sch. 2)
- F7** Words in Sch. 1 Pt. 1 inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 522\(2\)](#) (with Sch. 2 Pts. 1, 2)
- F8** Words in Sch. 1 Pt. 1 inserted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 365\(2\)](#) (with Sch. 2)

PART 2 U.K.

DEFINED EXPRESSIONS

accounting period	[^{F9} Chapter 2 of Part 2 of CTA 2009]
additional VAT liability	section 547(1)
additional VAT rebate	section 547(2)
F10	F10
...	...
adjusted net cost (in Chapter 6 of Part 10)	section 522
F10	F10
...	...
[^{F11} AIA qualifying expenditure	section 38A]
[^{F12} applicable CO ₂ emissions figure (in Part 2)	section 268C]
approved body (in Part 10)	section 492
assured tenancy	section 490(3)
available qualifying expenditure (in Part 2)	section 57
available qualifying expenditure (in Part 7)	section 459
available qualifying expenditure (in Part 8)	section 473
F10	F10
...	...
[^{F13} balancing adjustment (in Part 3A)	section 360M]
F10	F10
...	...
F14	F14

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...	...
balancing adjustment (in Part 10)	section 513
F10	F10
...	...
[^{F13} balancing event (in Part 3A)	section 360N]
F10	F10
...	...
F14	F14
...	...
balancing event (in Part 10)	section 514
[^{F15} basic life assurance and general annuity business	sections 57 and 67(5) of FA 2012 (as applied by section 141(2) of that Act)]
body of persons	[^{F16} section 989 of ITA 2007 and][^{F17} section 1119 of CTA 2010]
F18	F18
...	...
F10	F10
...	...
capital expenditure	section 4 and (in Chapter 2 of Part 1) section 10(1)
capital sum	section 4
car (in Part 2)	[^{F19} section 268A]
[^{F20} the charge to corporation tax on income	section 2(3) of CTA 2009 (as applied by [^{F21} section 1119 of CTA 2010])]
chargeable period	section 6
F10	F10
...	...
connected persons (general meaning)	[^{F22} section 575]
connected persons (special extended meaning for certain purposes)	sections 156, 232, 246(2) and 266(5)
control	section 574
[^{F23} the corporate partner calculation (in relation to a trade carried on by a Northern Ireland firm)	section 6D(3)]
the Corporation Tax Acts	section 831(1) of ICTA
F10	F10
...	...
development and development order (in Part 5)	section 436

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disposal event (in Part 2)	section 60(2)
disposal event (in Chapter 3 of Part 6)	section 443(7)
disposal receipt (in Part 2)	section 60
disposal receipt (in Part 5)	section 420
disposal receipt (in Chapter 3 of Part 8)	section 476(1)
dredging	section 484(3), (4)
dual resident investing company	section 577(1) and [^{F24} section 949 of CTA 2010]
dwelling-house	section 531(1)
F14	F14
...	...
F10	F10
...	...
F10	F10
...	...
F10	F10
...	...
[^{F25} EEA furnished holiday lettings business	section 17B]
[^{F12} electrically-propelled (in Part 2)	section 268B]
expenditure on the construction of a building (in Part 10)	section 493
final chargeable period (in Part 2)	section 65
final chargeable period (in Part 7)	section 457(5)
final chargeable period (in Part 8)	section 471(5) and (6)
first-year qualifying expenditure	Chapter 4 of Part 2
fixture (in Part 2)	section 173(1)
F26	F26
...	...
F14	F14
...	...
F27	F27
...	...
F28	F28
...	...
general development order (in Part 5)	section 436
F10	F10
...	...
F10	F10

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...	...
[^{F12} hire car for a disabled person (in Part 2)	section 268D]
[^{F15} I - E rules	section 70(1) and (2) of FA 2012 (as applied by section 141(2) of that Act)]
income from patents (in Part 8)	section 483 and paragraph 101(5) of Schedule 3
F10	F10
...	...
F29	F29
...	...
[^{F15} insurance company	section 65 of FA 2012 (as applied by section 141(2) of that Act]
interest in an oil licence (in Chapter 3 of Part 12)	section 552(4)
investment company	section 130 of ICTA
investment asset (in relation to life assurance business)	section 545(2)
know-how (in Part 7)	section 452(2)
F10	F10
...	...
[^{F13} lease and related expressions (in Part 3A)	section 360Z4]
F10	F10
...	...
F14	F14
...	...
lease and related expressions (in Part 10)	section 531
F30	F30
...	...
long-life asset (in Chapter 10 of Part 2)	section 91
long-life asset expenditure (in F31	section 90
... Part 2)	
[^{F15} long-term business	section 63(1) of FA 2012 (as applied by section 141(2) of that Act)]
market value	section 577(1)
mineral asset (in Part 5)	section 397
mineral exploration and access (in Part 5)	section 396
mineral extraction trade (in Part 5)	section 394(2)
mineral deposits (in Part 5)	section 394(3)

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[^{F12} motor cycle (in Part 2)	section 268A]
[^{F23} NI rate activity	section 6C]
[^{F23} NIRE company	section 6A]
[^{F15} non-BLAGAB long-term business	sections 66 and 67 of FA 2012 (as applied by section 141(2) of that Act)]
normal time limit for amending a tax return	section 577(1)
[^{F23} Northern Ireland Chapter 6 firm	section 6B(3)]
[^{F23} Northern Ireland Chapter 7 firm	section 6B(4)]
[^{F23} Northern Ireland firm	section 6B(2)]
[^{F23} [^{F32} an SME (Northern Ireland employer) company]	section 6A]
notice	section 577(1)
[^{F33} offshore installation (except in Chapter 13 of Part 2)	[^{F34} sections 1001 and 1002 of ITA 2007 and][^{F35} section 1132 of CTA 2010]]
oil (in Chapter 3 of Part 12)	section 556(3)
oil licence (in Chapter 3 of Part 12)	section 552(1)
[^{F25} ordinary overseas property business	section 17A]
[^{F25} ordinary UK property business	section 16]
F28	F28
...	...
overseas property business	[^{F36} Chapter 2 of Part 3 of ITTOIA 2005 (as applied by section 989 of ITA 2007) and Chapter 2 of Part 4 of CTA 2009 (as applied by [^{F37} section 1119 of CTA 2010])]
partial depreciation subsidy	section 209
patent rights (in Part 8)	section 464(2)
planning permission (in Part 5)	section 436
F10	F10
...	...
[^{F13} proceeds from a balancing event (in Part 3A)	section 360O]
F10	F10
...	...
F14	F14
...	...
proceeds from a balancing event (in Part 10)	section 515
property business	section 577(1)

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public body (in Chapter 1 of Part 11)	section 532(2)
qualifying activity (in Part 2)	Chapter 2 of Part 2
[^{F13} qualifying building (in Part 3A)	section 360C]
^{F14}	^{F14}
...	...
[^{F13} qualifying business premises (in Part 3A)	section 360D]
qualifying dwelling-house (in Part 10)	section 490(2) and Chapter 4 of Part 10
^{F10}	^{F10}
...	...
[^{F12} qualifying emissions certificate (in Part 2)	section 268C]
[^{F13} qualifying expenditure (in Part 3A)	section 360B]
qualifying expenditure attributable to a dwelling-house (in Part 10)	section 511
^{F14}	^{F14}
...	...
qualifying hire car (in Part 2)	section 82
^{F10}	^{F10}
...	...
qualifying non-trade expenditure (in Part 8)	section 469
qualifying trade expenditure (in Part 8)	section 468
^{F10}	^{F10}
...	...
qualifying trade (in Part 9)	section 484(2)
^{F10}	^{F10}
...	...
^{F10}	^{F10}
...	...
^{F38}	^{F38}
...	...
[^{F39} relevant cut-off (in Chapter 9 of Part 2)	section 86(3)]
[^{F13} relevant interest (in Part 3A)	Chapter 4 of Part 3A]
^{F10}	^{F10}
...	...
^{F14}	^{F14}
...	...
relevant interest (in Part 10)	Chapter 2 of Part 10
relevant trade (in Part 6)	section 439(3)

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research and development	section [F40437(2) and (3)]
F10	F10
...	...
[F13residue of qualifying expenditure (in Part 3A)	section 360K]
F10	F10
...	...
F14	F14
...	...
residue of qualifying expenditure attributable to a dwelling-house (in Part 10)	section 512
ring fence trade (in Chapter 13 of Part 2)	section 162(2)
sale	section 572(1) to (3)
sale, time of	section 572(4)
sale, transfers under Parts F41	section 573
... 3A, F41	
...	
F42	
... and 10 treated as	
sale, treated as occurring on successions, for purposes of Parts other than Parts 2, 6 and 10	section 559
F43	F43
...	...
short-life asset (in Part 2)	section 83
source of mineral deposits (in Part 5)	section 394(5)
special leasing (in Part 2)	section 19
[F44special rate expenditure (in Part 2)	section 104A]
[F45special tax site	section 573A]
tax	[F46section 1119 of CTA 2010]
the Tax Acts	Schedule 1 to the Interpretation Act 1978 and section 831 of ICTA
tax advantage	section 577(4)
tax return	section 3(3)
tax year	[F47section 4(2) of ITA 2007 (as applied by section 989 of that Act)]
[F25UK furnished holiday lettings business	section 17]
UK oil licence	section 552(2)

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[^{F48} UK property business	F49 ...Chapter 2 of Part 3 of ITTOIA 2005][^{F50} (as applied by section 989 of ITA 2007)][^{F51} and Chapter 2 of Part 4 of CTA 2009 (as applied by [^{F52} section 1119 of CTA 2010])]
United Kingdom	[^{F53} section 1013 of ITA 2007 and [^{F54} section 1170 of CTA 2010]]
unrelieved qualifying expenditure (in Part 2)	section 59
unrelieved qualifying expenditure (in Part 5)	section 419
unrelieved qualifying expenditure (in Part 7)	section 461
unrelieved qualifying expenditure (in Part 8)	section 475
within the charge to tax	[^{F55} section 1009 of ITA 2007 and][^{F56} section 1167 of CTA 2010]
F10	F10
.
writing-down period (in Part 9)	section 487(2)

Textual Amendments

- F9** Words in Sch. 1 Pt. 2 substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\)](#), [Sch. 1 para. 522\(3\)\(a\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F10** Sch. 1 Pt. 2 entries omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 19\(2\)](#)
- F11** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 24 para. 15](#)
- F12** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 23\(3\)](#) (with [Sch. 11 paras. 30-32](#))
- F13** Sch. 1 Pt. 2 entries inserted (with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 6 para. 11](#); [S.I. 2007/949, art. 2](#)
- F14** Sch. 1 Pt. 2 entries omitted (with effect in accordance with Sch. 39 para. 40 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 38\(8\)](#) (with [Sch. 39 paras. 41, 42](#))
- F15** Sch. 1 Pt. 2 entries inserted (17.7.2012) by [Finance Act 2012 \(c. 14\)](#), [Sch. 16 para. 107\(3\)](#)
- F16** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(a\)](#) (with [Sch. 2](#))
- F17** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 365\(3\)\(a\)](#) (with [Sch. 2](#))
- F18** Words in Sch. 1 Pt. 2 repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 86\(a\)](#), [5](#); [S.I. 2005/1126, art. 2\(2\)\(h\)\(i\)](#)
- F19** Words in Sch. 1 Pt. 2 substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 23\(2\)](#) (with [Sch. 11 paras. 30-32](#))
- F20** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), [Sch. 1 para. 522\(3\)\(b\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F21** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 365\(3\)\(b\)](#) (with [Sch. 2](#))
- F22** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(b\)](#) (with [Sch. 2](#))

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- F23** Words in Sch. 1 Pt. 2 Table inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\)](#), **Sch. 1 para. 18**
- F24** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 365(3)(c)** (with Sch. 2)
- F25** Sch. 1 Pt. 2: entries inserted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **Sch. 14 para. 12(17)(b)**
- F26** Words in Sch. 1 Pt. 2 omitted (11.7.2023) by virtue of [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 23 para. 16(a)**
- F27** Sch. 1: entry omitted (19.7.2011) by virtue of [Finance Act 2011 \(c. 11\)](#), s. 12(6)(b)
- F28** Sch. 1 Pt. 2: entries omitted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), **Sch. 14 para. 12(17)(a)**
- F29** Words in Sch. 1 Pt. 2 repealed (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), Sch. 4 para. 86(b), **5**; S.I. 2005/1126, art. 2(2)(h)(i)
- F30** Sch. 1 Pt. 2 entry omitted (17.7.2012) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 16 para. 107(2)**
- F31** Words in Sch. 1 Pt. 2 repealed (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), **Sch. 43 Pt. 3(9)**
- F32** Words in Sch. 1 substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), **Sch. 7 para. 24(j)**
- F33** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 27 para. 10**
- F34** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 1 para. 413(3)(e)** (with Sch. 2)
- F35** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 365(3)(d)** (with Sch. 2)
- F36** Words in Sch. 1 Pt. 2 substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 522(3)(c)** (with Sch. 2 Pts. 1, 2)
- F37** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 365(3)(e)** (with Sch. 2)
- F38** Words in Sch. 1 Pt. 2 omitted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by virtue of [Finance Act 2021 \(c. 26\)](#), **Sch. 1 para. 17**
- F39** Words in Sch. 1 inserted (19.7.2011) by [Finance Act 2011 \(c. 11\)](#), s. 12(6)(a)
- F40** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 1 para. 413(3)(e)** (with Sch. 2)
- F41** Word in Sch. 1 Pt. 2 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 19(3)**
- F42** Word in Sch. 1 Pt. 2 omitted (with effect in accordance with Sch. 39 para. 40 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), **Sch. 39 para. 38(9)** (with Sch. 39 paras. 41, 42)
- F43** Sch. 1 Pt. 2 entry repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), Sch. 1 para. 522(3)(d), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F44** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 26 para. 13**
- F45** Words in Sch. 1 Pt. 2 inserted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 23 para. 16(b)**
- F46** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 365(3)(f)** (with Sch. 2)
- F47** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 1 para. 413(3)(g)** (with Sch. 2)
- F48** Words in Sch. 1 Pt. 2 inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 574(3)(c)** (with Sch. 2)
- F49** Words in Sch. 1 Pt. 2 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), Sch. 1 para. 413(3)(h), **Sch. 3 Pt. 1** (with Sch. 2)
- F50** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 1 para. 413(3)(h)** (with Sch. 2)
- F51** Words in Sch. 1 Pt. 2 inserted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 522(3)(e)** (with Sch. 2 Pts. 1, 2)

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- F52** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 365\(3\)\(g\)](#) (with Sch. 2)
- F53** Words in Sch. 1 Pt. 2 substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(i\)](#) (with Sch. 2)
- F54** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 365\(3\)\(h\)](#) (with Sch. 2)
- F55** Words in Sch. 1 Pt. 2 inserted (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 1 para. 413\(3\)\(j\)](#) (with Sch. 2)
- F56** Words in Sch. 1 Pt. 2 substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 365\(3\)\(i\)](#) (with Sch. 2)

SCHEDULE 2 **U.K.**

Section 578

CONSEQUENTIAL AMENDMENTS

*The Taxes Management Act 1970 (c. 9)**Section 42 (procedure for making claims etc.)*

- 1 In subsection (7), for paragraphs (c) and (d) substitute—
- “**(c)** sections 3, 83, 89, 129, 131, 135, 177, 183, 266, 268, 290, 355, 381 and 569 of the Capital Allowances Act; and
- (d)** sections 40B(5), 40D, 41 and 42 of the Finance (No. 2) Act 1992.”

Section 57 (regulations about appeals)

- 2 For subsection (3)(b) substitute—
- “**(b)** provisions corresponding to section 563 of the Capital Allowances Act (determination of apportionment affecting tax liability of two or more persons), and”.

Section 58 (proceedings in tax cases in Northern Ireland)

- 3 In subsection (3)(b), for “section 151 of the Capital Allowances Act 1990 (proceedings to which more than one taxpayer is a party)” substitute “section 563 of the Capital Allowances Act (determination of apportionment affecting tax liability of two or more persons)”.

Section 98 (special returns, etc.)

- 4 (1) In the Table, in column 1, omit “Sections 23(4) and 49(4) of the Capital Allowances Act 1990”.
- (2) In the Table, in column 2, for “Sections 22B(4), 23(2), 33F(5), 48, 49(2), 51(6A) and 53(1H) of the Capital Allowances Act 1990” substitute “Sections 43(5) and (6), 118 to 120, 145(2) and (3) and 203 of the Capital Allowances Act”.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Textual Amendments

- F57** Sch. 2 para. 5 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F58** Sch. 2 para. 5 omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 300**

The Finance Act 1982 (c. 39)

Section 137 (expenditure met by regional development plans to be disregarded for certain purposes)

- 6 Omit subsections (2), (3), (6) and (7).

The London Regional Transport Act 1984 (c. 32)

Schedule 5 (transitional provisions and savings)

- 7 In paragraph 5, omit paragraph (b) and the word “and” before it.

The Films Act 1985 (c. 21)

Section 6 (certification of films as British films)

- 8 In subsection (1), for “section 68 of the Capital Allowances Act 1990 (expenditure on production and acquisition of films etc.)” substitute “section 40D of the Finance (No. 2) Act 1992 (election relating to tax treatment of films expenditure)”.

Schedule 1 (certification of films as British films)

- 9 (1) In paragraph 2(1), for “section 68 of the Capital Allowances Act 1990” substitute “section 40D of the Finance (No. 2) Act 1992”.
- (2) In paragraph 3(1), for “section 68 of the Capital Allowances Act 1990” substitute “section 40D of the Finance (No. 2) Act 1992”.

The Trustee Savings Banks Act 1985 (c. 58)

Schedule 2 (taxation)

- 10 In paragraph 1—
- (a) in sub-paragraph (1), for “the Capital Allowances Act 1990” substitute “the Capital Allowances Act 2001”, and
- (b) in sub-paragraph (2), for “those Acts” substitute “that Act”.

The Income and Corporation Taxes Act 1988 (c. 1)

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Textual Amendments

F59 Sch. 2 para. 11 repealed (with effect in accordance with Sch. 26 Pt. 3(12) Note of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 3(12)**

^{F60}12

Textual Amendments

F60 Sch. 2 para. 12 repealed (with effect in accordance with Sch. 26 Pt. 3(12) Note of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 26 Pt. 3(12)**

13 In subsection (7), omit “and section 29 of the 1990 Act (provisions relating to furnished holiday accommodation)”.

^{F61}14

Textual Amendments

F61 Sch. 2 para. 14 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F62}15

Textual Amendments

F62 Sch. 2 para. 15 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), **Sch. 42 Pt. 2(3)**

^{F63}16

Textual Amendments

F63 Sch. 2 paras. 16-20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

^{F63}17

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

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Textual Amendments

F63 Sch. 2 paras. 16-20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F63¹⁸

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Textual Amendments

F63 Sch. 2 paras. 16-20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F63¹⁹

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Textual Amendments

F63 Sch. 2 paras. 16-20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F63²⁰

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Textual Amendments

F63 Sch. 2 paras. 16-20 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), [Sch. 3 Pt. 1](#) (with [Sch. 2 Pts. 1, 2](#))

F64²¹

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Textual Amendments

F64 Sch. 2 para. 21 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F65²²

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Textual Amendments

F65 Sch. 2 para. 22 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with [Sch. 2](#))

F66²³

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Textual Amendments

F66 Sch. 2 para. 23 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F67 24

Textual Amendments

F67 Sch. 2 para. 25 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F67 25

Textual Amendments

F67 Sch. 2 para. 25 repealed (6.4.2003) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with Sch. 7)

F68 26

Textual Amendments

F68 Sch. 2 para. 26 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F69 27

Textual Amendments

F69 Sch. 2 para. 27 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

F70 28

Textual Amendments

F70 Sch. 2 para. 28 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with Sch. 2)

Section 384 (restrictions on right of set-off)

29 F71(1)

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(2) In subsection (10), omit the words following paragraph (b) ^{F72}...

Textual Amendments

- F71** Sch. 2 para. 29(1) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F72** Words in Sch. 2 para. 29(2) repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F73}30

Textual Amendments

- F73** Sch. 2 para. 30 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F74}31

Textual Amendments

- F74** Sch. 2 para. 31 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F75}32

Textual Amendments

- F75** Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F75}33

Textual Amendments

- F75** Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

^{F75}34

Textual Amendments

- F75** Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

F7535

Textual Amendments

F75 Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F7536

Textual Amendments

F75 Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F7537

Textual Amendments

F75 Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

F7538

Textual Amendments

F75 Sch. 2 paras. 32-38 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Sections 434D and 434E (capital allowances: management assets; investment assets)

39 Omit sections 434D and 434E.

F7640

Textual Amendments

F76 Sch. 2 para. 40 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

F7741

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Textual Amendments

F77 Sch. 2 para. 41 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

F78 42

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Textual Amendments

F78 Sch. 2 para. 42 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 2** (with Sch. 2) and (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 6** (with Sch. 9 paras. 1-9, 22)

F79 43

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Textual Amendments

F79 Sch. 2 para. 43 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

Sections 520 to 523 (patents)

44 Omit sections 520 to 523.

F80 45

.....

Textual Amendments

F80 Sch. 2 para. 45 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F81 46

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Textual Amendments

F81 Sch. 2 para. 46 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

Section 530 (disposal of know-how)

47 Omit section 530.

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F8248

Textual Amendments

F82 Sch. 2 paras. 48-52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F8249

Textual Amendments

F82 Sch. 2 paras. 48-52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F8250

Textual Amendments

F82 Sch. 2 paras. 48-52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F8251

Textual Amendments

F82 Sch. 2 paras. 48-52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F8252

Textual Amendments

F82 Sch. 2 paras. 48-52 repealed (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

F8353

Textual Amendments

F83 Sch. 2 para. 53 repealed (6.4.2006) by Finance Act 2004 (c. 12), **Sch. 42 Pt. 3** (with Sch. 36)

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F84 54

Textual Amendments

F84 Sch. 2 para. 54 repealed (6.4.2006) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 3](#) (with Sch. 36)

F85 55

Textual Amendments

F85 Sch. 2 para. 55 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with Sch. 2)

F86 56

Textual Amendments

F86 Sch. 2 para. 56 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 1](#) (with Sch. 2)

F87 57

Textual Amendments

F87 Sch. 2 para. 57 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with Sch. 2) and (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 9](#) (with Sch. 9 paras. 1-9, 22)

F88 58

Textual Amendments

F88 Sch. 2 para. 58 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\)](#), s. 1034(1), [Sch. 3 Pt. 1](#) (with Sch. 2)

Section 831 (interpretation of Act)

59 Section 831(3) continues to have effect with the addition of the definition of “the 1990 Act” (an amendment originally made by paragraph 8(35) of Schedule 1 to the Capital Allowances Act 1990 (c. 1)).

F89 60

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Textual Amendments

F89 Sch. 2 para. 60 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Section 834 (interpretation of the Corporation Tax Acts)

61 In subsection (2), omit “and also for sections 144 and 145 of the 1990 Act”.

^{F90}62

Textual Amendments

F90 Sch. 2 para. 62 repealed (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Schedule 18 (group relief)

^{F91}63

Textual Amendments

F91 Sch. 2 para. 63 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))

Schedule 19AC (modification of Act in relation to overseas life insurance companies)

64 (1) Omit paragraph 9C (application of section 434D(4) in relation to overseas life insurance company).

^{F92}(2)

Textual Amendments

F92 Sch. 2 para. 64(2) repealed (with effect in accordance with reg. 1 of the amending S.I.) by [The Overseas Life Insurance Companies Regulations 2006 \(S.I. 2006/3271\), reg. 1](#), **Sch. Pt. 1**

Schedule 21 (tax relief in connection with schemes for rationalising industry and other redundancy schemes)

65 In paragraph 6(1)(a), for “Part I or II of the 1990 Act in taxing the trade” substitute “Part 2 or 3 of the Capital Allowances Act in calculating the profits of a trade”.

Schedule 24 (assumptions for calculating chargeable profits, creditable tax and corresponding United Kingdom tax of foreign companies)

66 (1) In paragraph 10(1)—
(a) for “machinery or plant for the purposes of its trade, that machinery or plant shall be assumed, for the purposes of Part II of the 1990 Act” substitute “

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- plant or machinery for the purposes of its trade, that plant or machinery shall be assumed, for the purposes of Part 2 of the Capital Allowances Act”, and
- (b) for “section 81 of that Act (expenditure treated as equivalent to market value at the time the machinery or plant is brought into use)” substitute “ section 13 of that Act (use for qualifying activity of plant or machinery provided for other purposes) ”.

(2) In paragraph 10(2), for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.

^{F93}(3)

Textual Amendments

F93 Sch. 2 para. 66(3) repealed (7.4.2005) by [Finance Act 2005 \(c. 7\)](#), **Sch. 11 Pt. 2(6)**

^{F94}67

Textual Amendments

F94 Sch. 2 para. 67 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 3 Pt. 1** (with Sch. 2)

^{F95}68

Textual Amendments

F95 Sch. 2 para. 68 repealed (1.4.2010) (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 2** (with Sch. 9 paras. 1-9, 22)

The Finance Act 1988 (c. 39)

Schedule 12 (building societies: change of status)

69 In paragraph 3(1), for “the Capital Allowances Act 1990 (capital allowances)” substitute “ the Capital Allowances Act 2001 ”.

The Finance Act 1989 (c. 26)

^{F96}70

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Textual Amendments

F96 Sch. 2 para. 70 repealed (with effect in accordance with s. 42 of the amending Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 42 Pt. 2\(3\)](#)

The Electricity Act 1989 (c. 29)

Schedule 11 (taxation provisions)

71 (1) For paragraph 5(3) substitute—

“(3) Section 291(1) of the Capital Allowances Act 2001 (supplementary provisions with respect to elections) shall not prevent the application of section 290 of that Act (election to treat grant of lease exceeding 50 years as sale) where the lease is a lease to which this sub-paragraph applies.”

(2) In paragraph 5(4)(a), for “section 44 of the Finance Act 1971 or section 24 of the 1990 Act” substitute “ Chapter 5 of Part 2 of the Capital Allowances Act 2001 ”.

(3) In paragraph 5(4)(b), for the words from “section 44” to “Chapter VI of Part II of the 1990 Act” substitute “ Chapters 5 and 14 of Part 2 of the Capital Allowances Act 2001 ”.

(4) For paragraph 5(5) substitute—

“(5) In sub-paragraph (4) above “the transferor” means the transferor under the transfer scheme in question and expressions which are used in Chapter 14 of Part 2 of the Capital Allowances Act 2001 have the same meanings as in that Chapter; and in construing that sub-paragraph section 511(2) of the 1988 Act shall be disregarded.”

The Finance Act 1990 (c. 29)

Section 126 (pools payments for football ground improvements)

F9772

Textual Amendments

F97 Sch. 2 para. 72 repealed (with effect in accordance with Sch. 39 para. 19(3) of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 19\(2\)\(a\)](#)

The Finance Act 1991 (c. 31)

F9873

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Textual Amendments

F98 Sch. 2 para. 73 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#)) and (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 6](#) (with [Sch. 9](#) paras. 1-9, 22)

Section 78 (*sharing of transmission facilities*)

- 74 (1) In subsection (4)—
- (a) for “Capital Allowances Act 1990” substitute “ Capital Allowances Act ”;
 - (b) for “machinery or plant” (in each place) substitute “ plant or machinery ”;
 - and
 - (c) for “section 24 of that Act” substitute “ section 60 of that Act ”.
- (2) In subsection (5) for “machinery or plant” (in both places) substitute “ plant or machinery ”.

The Social Security Contributions and Benefits Act 1992 (c. 4)

Schedule 2 (*levy of Class 4 contributions with income tax*)

- 75 (1) In paragraph 1, omit paragraph (b).
- (2) In paragraph 2, omit the words from “subject to deduction” to the end.

The Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)

Schedule 2 (*levy of Class 4 contributions with income tax*)

- 76 (1) In paragraph 1, omit paragraph (b).
- (2) In paragraph 2, omit the words from “subject to deduction” to the end.

The Taxation of Chargeable Gains Act 1992 (c. 12)

Section 37 (*consideration chargeable to tax on income*)

- 77 In subsection (2), for paragraphs (a) and (b) substitute—
- “(a) taken into account in the making of a balancing charge under the Capital Allowances Act but excluding Part 10 of that Act,
 - (b) brought into account as the disposal value of plant or machinery under Part 2 of that Act, or
 - (c) brought into account as the disposal value of an asset representing qualifying expenditure under Part 6 of that Act.”

Section 41 (*restriction of losses by reference to capital allowances etc.*)

- 78 (1) In subsection (3), for paragraphs (a) and (b) substitute—

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- “(a) by a transfer by way of sale in relation to which an election under section 569 of the Capital Allowances Act was made, or
 - (b) by a transfer to which section 268 of that Act applies.”.
- (2) In subsection (4), for paragraph (a) substitute—
- “(a) any allowance under the Capital Allowances Act.”.
- (3) In subsection (7)—
- (a) for “machinery or plant” (in each place) substitute “ plant or machinery ”,
 - (b) for “Part II of the 1990 Act, and neither section 79 (assets used only partly for trade purposes) nor section 80 (wear and tear subsidies) of that Act” substitute “ Part 2 of the Capital Allowances Act, and neither Chapter 15 (assets provided or used only partly for qualifying activity) nor Chapter 16 (partial depreciation subsidies) of that Part ”, and
 - (c) for “capital expenditure” substitute “ qualifying expenditure ”.

Section 195 (allowance of certain drilling expenditure)

- 79 (1) In subsection (2), for paragraphs (b) and (c) substitute—
- “(b) either it is expenditure in respect of which the person was entitled to an allowance under section 441 of the Capital Allowances Act (research and development allowances) for a relevant chargeable period which began before the date of the disposal or it would have been such expenditure if the trading condition had been fulfilled, and
 - (c) on the disposal, section 443 of that Act (disposal values) applies in relation to the expenditure or would apply if the trading condition had been fulfilled (and the expenditure had accordingly been qualifying expenditure under Part 6 of that Act).”
- (2) In subsection (3)—
- (a) for “section 137 of the 1990 Act” substitute “ section 441 of the Capital Allowances Act ”, and
 - (b) omit the definition of “basis year” and the word “and” before it.
- (3) In subsection (4), for “trading receipt” substitute “ disposal value ” and for paragraphs (a) and (b) substitute—
- “(a) is required to be brought into account under section 443 of the Capital Allowances Act; or
 - (b) would be required to be so brought into account if the trading condition had been fulfilled (and the expenditure had accordingly been qualifying expenditure under Part 6 of that Act).”
- (4) Omit subsection (5).
- (5) In subsection (6)—
- (a) for “which had not in fact been allowed or become allowable” substitute “ in respect of which the person had not in fact been entitled to an allowance ”,
 - (b) for “section 137 of the 1990 Act” substitute “ section 441 of the Capital Allowances Act ”, and
 - (c) omit paragraph (b) and the word “and” before it.

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- (6) In subsection (8), for “Part VII of the Capital Allowances Act 1990 (allowances for research and development expenditure)” substitute “Part 6 of the Capital Allowances Act (research and development allowances)”.

Section 288 (interpretation)

- 80 In subsection (1), omit the definition of “the 1990 Act” and after the definition of “building society” insert—

““the Capital Allowances Act” means the Capital Allowances Act 2001;”.

Schedule 3 (assets held on 31st March 1982)

- 81 In paragraph 7(8), for “section 121 of the 1990 Act” substitute “section 394 of the Capital Allowances Act”.

The Finance (No. 2) Act 1992 (c. 48)

New sections 40A to 40D (films)

- 82 Before section 41 insert—

Revenue nature of expenditure on master versions of films

- “40A(1) Expenditure incurred on the production or acquisition of a master version of a film is to be regarded for the purposes of the Tax Acts as expenditure of a revenue nature unless an election under section 40D below has effect with respect to it.
- (2) If expenditure on the master version of a film is regarded as expenditure of a revenue nature under subsection (1) above, sums received from the disposal of the master version are to be regarded for the purposes of the Tax Acts as receipts of a revenue nature (if they would not be so regarded apart from this subsection).
- (3) For the purposes of subsection (2) above sums received from the disposal of a master version of a film include—
- (a) sums received from the disposal of any interest or right in or over the master version, including an interest or right created by the disposal, and
 - (b) insurance, compensation or similar money derived from the master version.
- (4) In this section—
- (a) “expenditure of a revenue nature” means expenditure which, if it were incurred in the course of a trade the profits of which are chargeable to tax under Case I of Schedule D, would be taken into account for the purpose of computing the profits or losses of the trade, and
 - (b) “receipts of a revenue nature” means receipts which, if they were receipts of such a trade, would be taken into account for that purpose.

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- (5) For the purposes of this section and sections 40B to 40D below, a “master version” of a film means a master negative, master tape or master audio disc of the film and includes any rights in the film (or its soundtrack) that are held or acquired with the master negative, master tape or master audio disc.

Allocation of expenditure to periods

- 40B (1) In computing the profits or gains accruing to any person from a trade or business which consists of or includes the exploitation of master versions of films, expenditure which is—
- (a) incurred on the production or acquisition of a master version of a film, and
 - (b) expenditure of a revenue nature (whether as a result of section 40A above or otherwise),
- must be allocated to relevant periods in accordance with this section.
- (2) Subsection (1) above does not apply if an election under section 40D below has effect with respect to the expenditure.
- (3) In this section “relevant period” means—
- (a) a period for which the accounts of the trade or business concerned are made up, or
 - (b) if no accounts of the trade or business concerned are made up for a period—
 - (i) if the profits or gains accrue to a company within the charge to corporation tax, the accounting period of the company;
 - (ii) in any other case, the period the profits or gains of which are taken into account in assessing the income of the trade or business for a year of assessment.
- (4) The amount of expenditure falling within subsection (1) above which falls to be allocated to any relevant period is so much as is just and reasonable, having regard to—
- (a) the amount of that expenditure which remains unallocated at the beginning of that period,
 - (b) the proportion which the estimated value of the master version of the film which is realised in that period (whether by way of income or otherwise) bears to the aggregate of the value so realised and the estimated remaining value of the master version at the end of that period, and
 - (c) the need to bring the whole of the expenditure falling within subsection (1) above into account over the time during which the value of the master version is expected to be realised.
- (5) In addition to any expenditure which is allocated to a relevant period in accordance with subsection (4) above, if a claim is made, there must also be allocated to that period so much of the unallocated expenditure as is specified in the claim and does not exceed the difference between—
- (a) the amount allocated to that period in accordance with subsection (4) above, and

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- (b) the value of the master version of the film which is realised in that period (whether by way of income or otherwise).
- (6) A claim under subsection (5) above must be made—
- (a) for the purposes of income tax, on or before the first anniversary of the 31st January next following the year of assessment in which ends the relevant period mentioned in that subsection;
 - (b) for the purposes of corporation tax, not later than two years after the end of the relevant period to which the claim relates.
- (7) In subsection (5) above “the unallocated expenditure”, in relation to a relevant period, is any expenditure falling within subsection (1) above—
- (a) which does not fall to be allocated to that period in accordance with subsection (4) above, and
 - (b) which has not been allocated to any earlier relevant period in accordance with subsection (4) or (5) above.

Cases where section 40B does not apply

- 40C (1) To the extent that a deduction has been made in respect of any expenditure for a relevant period under section 42 below—
- (a) that expenditure must not be allocated under section 40B above, and
 - (b) no other expenditure incurred on the production or acquisition of the master version of the film is to be allocated under section 40B above to the relevant period.
- (2) Section 40B above does not apply to the profits of a trade in which the master version of the film constitutes trading stock, as defined by section 100(2) of the Taxes Act 1988.

Election for sections 40A and 40B not to apply

- 40D (1) Sections 40A and 40B above do not apply to expenditure—
- (a) in relation to which an election is made under this section, and
 - (b) which meets the conditions in subsection (2) below.
- (2) The conditions are that—
- (a) the expenditure is incurred—
 - (i) by a person who carries on a trade or business which consists of or includes the exploitation of master versions of films, and
 - (ii) on the production or acquisition of a master version of a film,
 - (b) the master version is certified by the Secretary of State under paragraph 3 of Schedule 1 to the Films Act 1985 as a qualifying film, tape or disc for the purposes of this section, and
 - (c) the value of the master version is expected to be realisable over a period of not less than two years.
- (3) An election under this section—
- (a) must relate to all expenditure incurred (or to be incurred) on the production or acquisition of the master version in question,

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- (b) must be made by giving notice to [^{F99}an officer of Revenue and Customs], in such form as the Board of Inland Revenue may determine, and
 - (c) is irrevocable.
- (4) Notice under subsection (3)(b) above must be given—
- (a) for the purposes of income tax, on or before the first anniversary of the 31st January next following the year of assessment in which ends the relevant period in which the master version of the film is completed;
 - (b) for the purposes of corporation tax, not later than two years after the end of the relevant period in which the master version of the film is completed.
- (5) In subsection (4) above “relevant period” has the same meaning as in section 40B above.
- (6) For the purposes of subsection (4) above, the master version of a film is completed—
- (a) at the time when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the public, or
 - (b) if the expenditure in question was incurred on the acquisition of the master version and it was acquired after the time mentioned in paragraph (a) above, at the time it was acquired.
- (7) An election may not be made under this section in relation to expenditure on a master version of a film if a claim has been made in respect of any of that expenditure under section 41 or 42 below.”

Textual Amendments

F99 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

Section 41 (relief for preliminary expenditure)

83 In subsection (1)(c), for “section 68(9) of the 1990 Act” substitute “ section 40D above ”.

Section 42 (relief for production or acquisition expenditure)

- 84 (1) In subsection (1)(b)—
- (a) for “subsections (3) to (6) of section 68 of the 1990 Act” substitute “ section 40B above ”, and
 - (b) for “subsection (9) of that section” substitute “ section 40D above ”.
- (2) In subsection (4)(c), for “section 68(3) to (6) of the 1990 Act, section” substitute “ section 40B or ”.
- (3) In subsection (7), for “section 68(3) to (6) of the 1990 Act” substitute “ section 40B above ”.

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Section 43 (interpretation of sections 41 and 42)

- 85 In subsection (1)—
- (a) for “41 and 42” substitute “ 40A to 42 ”,
 - (b) for “section 68(10) of the 1990 Act” substitute “ section 40A(4) above ”,
 - (c) for “section 68 of the 1990 Act”, in each place where it occurs, substitute “ section 40D above ”,
 - (d) for “section 68(3) of the 1990 Act” substitute “ section 40B(3) above ”, and
 - (e) omit the definition of “the 1990 Act”.

F10086

Textual Amendments

F100 Sch. 2 para. 86 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\), Sch. 3](#) (with [Sch. 2](#))

Schedule 17 (Northern Ireland electricity)

- 87 (1) In paragraph 5(4)—
- (a) for “section 11 of the Capital Allowances Act 1990 (long leases)” substitute “ section 290 of the Capital Allowances Act 2001 (election to treat grant of lease exceeding 50 years as sale) ”,
 - (b) for “long lease within the meaning” substitute “ lease which satisfies the condition in subsection (1)(c) ”,
 - (c) in paragraph (a), for “section 8” substitute “ Chapter 8 of Part 3 ”,
 - (d) in paragraph (b), for “section 11(6)(a)” substitute “ section 291(1) ”,
 - (e) for “sections 157 and 158” substitute “ sections 567 to 570 ”, and
 - (f) for “section 11” substitute “ section 290 ”.
- (2) In paragraph 5(5)—
- (a) for “paragraphs (a) and (b) of subsection (1) of section 55 of the Capital Allowances Act 1990 (expenditure incurred by incoming lessee: transfer of allowances)” substitute “ section 183(1)(a) and (b) of the Capital Allowances Act (incoming lessee where lessor entitled to allowances) ”,
 - (b) in paragraph (a) for “Part II of that Act” substitute “ Part 2 of that Act ”,
 - (c) after that paragraph insert “ and ”, and
 - (d) omit paragraph (c) and the word “and” before it.
- (3) In paragraph 6(1), for “section 11 of the Capital Allowances Act 1990” substitute “ section 290 of the Capital Allowances Act 2001 ”.
- (4) In paragraph 6(4), for “section 55 of the Capital Allowances Act 1990” substitute “ section 183 of the Capital Allowances Act 2001 ”.

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The Finance Act 1993 (c. 34)

Section 92 (the basic rule: sterling to be used)

- 88 In subsection (2)—
- (a) for “section 28 or 61(1) of the Capital Allowances Act 1990”, substitute “section 19 or 253 of the Capital Allowances Act”, and
 - (b) for “section 28 or 61(1) of that Act” substitute “section 19 or 253 of that Act”.

Section 93 (use of currency other than sterling)

- 89 In subsection (5), for “section 22B, 34, 35, 38C, 38D or 79A of the Capital Allowances Act 1990” substitute “section 578A(2) or (3) of the Taxes Act 1988 or section 43(3), 74(2), 75(1), 76(2), (3) or (4), 99(1), (2) or (3) or 208(1) of the Capital Allowances Act”.

The Agriculture Act 1993 (c. 37)

Schedule 2 (provisions relating to carrying out approved schemes or reorganisation)

- 90 In paragraph 19(4) and (5)(b), for “the Capital Allowances Act 1990” substitute “the Capital Allowances Act 2001”.

The Finance Act 1994 (c. 9)

Schedule 24 (provisions relating to the Railways Act 1993)

- 91 (1) In paragraph 1(1)—
- (a) omit the definition of “the Allowances Act”,
 - (b) after the definition of “the Board” insert—

““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001;”,

and
 - (c) in the definition of “fixture”, for “Chapter VI of Part II of the Allowances Act” substitute “Chapter 14 of Part 2 of the Capital Allowances Act”.
- (2) In paragraph 1(4)(c), for “the Capital Allowances Acts” substitute “the Capital Allowances Act”.
- (3) In paragraph 20(1) and (2)(a), for “the Capital Allowances Acts” substitute “the Capital Allowances Act”.
- (4) In paragraph 20(8), for “section 77 of the Allowances Act (successions to trades: connected persons)” substitute “sections 266 and 267 of the Capital Allowances Act (election where predecessor and successor are connected persons)”.
- (5) In paragraph 21(1), for “the Capital Allowances Acts” substitute “the Capital Allowances Act”.

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- (6) In paragraph 21(2)—
- (a) in paragraph (a), for “subsection (6) of section 21 of the Allowances Act (transfer of industrial buildings or structures to be deemed to be sale at market price)” substitute “ section 573 of the Capital Allowances Act (transfers treated as sales) as it applies for the purposes of Part 3 of that Act ”,
 - (b) in paragraph (b), for “that subsection” substitute “ that section ” and for “the Capital Allowances Acts” substitute “ that Act ”, and
 - (c) for “by virtue of that subsection or any other provision of those Acts), sections 157 and 158 of the Allowances Act” substitute “ under that section or any other provision of the Capital Allowances Act), sections 567 to 570 of that Act ”.
- (7) In paragraph 21(3)—
- (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (b) for “those Acts” substitute “ that Act ”,
 - (c) in paragraph (a), for “section 26(1) or 59 of the Allowances Act” substitute “ section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of the Capital Allowances Act ”, and
 - (d) in paragraph (c), for “section 54” substitute “ sections 181(1) and 182(1) ”.
- (8) In paragraph 22(2)—
- (a) for “building or structure” (in both places) substitute “ building ”,
 - (b) for “Part I of the Allowances Act” substitute “ Part 3 of the Capital Allowances Act ”, and
 - (c) for “sections 157 and 158” substitute “ sections 567 to 570 ”.
- (9) In paragraph 22(3)—
- (a) for “machinery or plant” (in the first and second places) substitute “ plant or machinery ”,
 - (b) for “section 24 of the Allowances Act (balancing adjustments) shall, subject to section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 55 of the Capital Allowances Act (determination of entitlement or liability) shall, subject to section 62 of that Act (general limit on amount of disposal value) ”, and
 - (c) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (10) In paragraph 22(4)—
- (a) for “section 57(2) of the Allowances Act” substitute “ section 188 of the Capital Allowances Act ”,
 - (b) for “section 24 of that Act shall, subject to section 26(2) and (3)” substitute “ section 55 of that Act shall, subject to section 62 ”,
 - (c) in paragraph (a), for “Part II” substitute “ Part 2 ”, and
 - (d) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.

Schedule 25 (Northern Ireland Airports Limited)

- 92 (1) In paragraph 5(2), for “the 1990 Act” (in both places) substitute “ the Capital Allowances Act 2001 ”.
- (2) In paragraph 5(3)—

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- (a) omit the definition of “the 1990 Act”,
- (b) for “section 4 of the 1990 Act” substitute “ Chapter 7 of Part 3 of the Capital Allowances Act 2001 ”, and
- (c) for “section 20 of the 1990 Act” substitute “ Chapter 3 of Part 3 of the Capital Allowances Act 2001 ”.

The Coal Industry Act 1994 (c. 21)

Schedule 4 (taxation provisions)

- 93 (1) In paragraph 1(2)—
- (a) after the definition of “the 1988 Act” insert—

““the Capital Allowances Act” includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act,”

and
 - (b) in the definition of “fixture”, for “Chapter VI of Part II of the 1990 Act” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act ”.
- (2) In paragraph 19(1) and (2), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 19(3)(b) and (4)(b), for “section 145(2) of the 1990 Act” substitute “ section 260 of the Capital Allowances Act ”.
- (4) In paragraph 20(1), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (5) In paragraph 20(2)—
- (a) in paragraph (a), for “subsection (6) of section 21 of the 1990 Act (transfer of industrial buildings or structures to be deemed to be sale at market price)” substitute “ section 573 of the Capital Allowances Act (transfers treated as sales) as it applies for the purposes of Part 3 of that Act ”,
 - (b) in paragraph (b), for “that subsection (6)” substitute “ that section ” and for “the Capital Allowances Acts” substitute “ that Act ”,
 - (c) for “that subsection” substitute “ that section ”, and
 - (d) for “those Acts), sections 157 and 158 of the 1990 Act” substitute “ that Act), sections 567 to 570 of that Act ”.
- (6) In paragraph 20(3)—
- (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (b) for “those Acts” substitute “ that Act ”,
 - (c) in paragraph (a), for “section 26(1) or 59 of the 1990 Act” substitute “ section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of the Capital Allowances Act ”, and
 - (d) in paragraph (c), for “section 54” substitute “ sections 181(1) and 182(1) ”.
- (7) In paragraph 20(4), for “under section 99 of the 1990 Act (disposal receipts in relation to mineral extraction allowances)” substitute “ in accordance with sections 421 to 425 of the Capital Allowances Act (mineral extraction allowances: disposal receipts) ”.

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- (8) In paragraph 20(5)—
- (a) in paragraph (a), for “Part V of the 1990 Act (agricultural buildings etc.)” substitute “ Part 4 of the Capital Allowances Act (agricultural buildings allowances) ” and for “section 129(2)” substitute “ section 382 ”,
 - (b) in paragraph (b), for “the Capital Allowances Acts” substitute “ that Act ”, and
 - (c) for “section 128(2) of that Act (calculation of balancing allowance or charge)” substitute “ section 385 of the Capital Allowances Act (calculation of balancing adjustment) ”.
- (9) In paragraph 20(6)—
- (a) in paragraph (a), for “relevant event for the purposes of section 138 of the 1990 Act (assets representing allowable scientific research expenditure ceasing to belong to traders)” substitute “ disposal event for the purposes of Chapter 3 of Part 6 of the Capital Allowances Act (research and development allowances: allowances and charges) ”,
 - (b) in paragraph (b), for “subsection (2) of that section” substitute “ that Chapter ”, and
 - (c) for “that section” substitute “ that Chapter ”.
- (10) In paragraph 20(7)—
- (a) for “the 1990 Act” substitute “ the Capital Allowances Act ”, and
 - (b) for “section 157(1)(a)” substitute “ section 568(1)(a) ”.
- (11) In paragraph 21(2), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (12) In paragraph 21(3)—
- (a) for “Chapter VI of Part II of the 1990 Act” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (c) for “they did” substitute “ it did ”, and
 - (d) for “those Acts” substitute “ that Act ”.
- (13) In paragraph 21(4)—
- (a) for “section 61 of the 1990 Act” substitute “ section 70 of the Capital Allowances Act ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”,
 - (c) for “machinery or plant” (in each place) substitute “ plant or machinery ”.
- (14) In paragraph 22, for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.

The Atomic Energy Authority Act 1995 (c. 37)

Schedule 3 (taxation provisions)

- 94 (1) In paragraph 14(1), for the definition of “the Capital Allowances Acts” substitute—

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““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act 2001.”

- (2) In paragraph 14(3), for “Capital Allowances Acts” substitute “ Capital Allowances Act ”.
- (3) For paragraph 15 substitute—

Industrial buildings

“15 Where any transfer effected by a transfer scheme is a relevant event for the purposes of section 311 of the Capital Allowances Act, the Secretary of State may for the purposes of that section by order make provision specifying the values to be assigned to RQE and B in relation to that event.”

- (4) In paragraph 16—
- (a) for the heading substitute “ Plant and machinery ”, and
 - (b) for “Part II of the Capital Allowances Act 1990 (capital allowances in respect of machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.
- (5) For paragraph 17 substitute—

Research and development

“17 (1) For the purposes of Part 6 of the Capital Allowances Act (research and development allowances) a successor company in which an asset representing allowable research and development expenditure is vested in accordance with a transfer scheme shall be treated as having incurred, on the date on which the transfer scheme comes into force, capital expenditure of the prescribed amount on the research and development in question; and that research and development shall be taken to have been directly undertaken by the successor company or on its behalf.

- (2) In sub-paragraph (1) above “allowable research and development expenditure” means capital expenditure incurred by the Authority on research and development directly undertaken by the Authority or on their behalf.
- (3) In this paragraph—
- “asset” includes part of an asset;
- “research and development” has the same meaning as in Part 6 of the Capital Allowances Act;
- and references to expenditure incurred on research and development shall be construed in accordance with section 438 of that Act.”
- (6) In paragraph 18(1), for “section 520 of the 1988 Act (allowances for expenditure on purchase of patent rights)” substitute “ section 468 of the Capital Allowances Act (qualifying trade expenditure) ”.
- (7) In paragraph 18(2), for “section 533 of the 1988 Act” substitute “ section 464(2) of the Capital Allowances Act ”.

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- (8) In paragraph 19(1), for “section 530 of the 1988 Act (disposal of know-how)” substitute “ section 454 of the Capital Allowances Act (qualifying expenditure) ”.
- (9) In paragraph 19(2), after “Subsections (2) and (7) of section 531 of the 1988 Act (provisions supplementary to section 530)” insert “ and subsections (2) and (3) of section 455 of the Capital Allowances Act (excluded expenditure) ”.
- (10) In paragraph 19(3), for “section 533(7) of the 1988 Act” substitute “ section 452(2) of the Capital Allowances Act ”.
- (11) In paragraph 20, for “Part II of the Capital Allowances Act 1990 (machinery and plant)” substitute “ Parts 2, 7 and 8 of the Capital Allowances Act (plant and machinery, know-how and patents) ”.
- (12) In paragraph 22, for “Capital Allowances Acts” substitute “ Capital Allowances Act ”.

The Finance Act 1996 (c. 8)

Section 151 (benefits under pilot schemes)

- 95 In subsection (2), for “section 153 of the Capital Allowances Act 1990 (subsidies etc.)” substitute “ section 532 of the Capital Allowances Act (exclusion of expenditure met by contributions) ”.

F10196

Textual Amendments

F101 Sch. 2 para. 96 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

The Broadcasting Act 1996 (c. 55)

Schedule 7 (transfer schemes relating to BBC transmission network: taxation provisions)

- 97 (1) in paragraph 1(1), omit the definition of “the Allowances Act” and for the definition of “the Capital Allowances Acts” substitute—
- ““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001.”
- (2) In paragraph 1(3)(b), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 12(3)—
- (a) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (b) for “those Acts” substitute “ that Act ”.

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- (4) In paragraph 13(1)—
- (a) in the heading, omit “and structures”, and
 - (b) for “Part I of the Allowances Act (industrial buildings and structures)” substitute “ Part 3 of the Capital Allowances Act (industrial buildings allowances) ”.
- (5) In paragraph 13(2), for “Part I of the Allowances Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (6) In paragraph 14(1)—
- (a) in the heading, for “machinery and plant” substitute “ plant and machinery ”, and
 - (b) for “Part II of the Allowances Act (capital allowances in respect of machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.
- (7) In paragraph 15(2)—
- (a) for “paragraphs (a) and (b) of subsection (1) of section 55 of the Allowances Act (expenditure incurred by incoming lessee: transfer of allowances)” substitute “ section 183(1)(a) and (b) of the Capital Allowances Act (incoming lessee where lessor entitled to allowances) ”,
 - (b) for “Part II” substitute “ Part 2 ”, and
 - (c) for “subsection (4)(a)” substitute “ subsection (1)(d) ”.
- (8) In paragraph 15(3)—
- (a) for “paragraphs (a), (c) and (d) of section 56 of the Allowances Act (expenditure incurred by incoming lessee: lessor not entitled to allowances)” substitute “ section 184(1)(a) to (c) of the Capital Allowances Act (incoming lessee where lessor not entitled to allowances) ”, and
 - (b) for “Part II” substitute “ Part 2 ”.
- (9) In paragraph 16, for “Part II of the Allowances Act (machinery and plant)” substitute “ Part 2 of the Capital Allowances Act (plant and machinery allowances) ”.
- (10) For paragraph 17 substitute—

Capital allowances: agricultural buildings allowances

“17 (1) This paragraph applies where there is a relevant transfer of property which is the relevant interest in relation to any expenditure for which the BBC would be entitled to an allowance (other than a balancing allowance) under Part 4 of the Capital Allowances Act (agricultural buildings allowances).

- (2) Where this paragraph applies, then, as respects the transferee—
- (a) his acquisition of the relevant interest shall be treated for the purposes of Part 4 of the Capital Allowances Act as a balancing event within subsection (2)(a) of section 381 (regardless of the lack of any election); and
 - (b) section 376(2) shall apply as if—
 - (i) the value to be assigned to RQE (residue of qualifying expenditure immediately after event) were the prescribed amount; and

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(ii) the value to be assigned to B (remaining writing-down period) were such as the Secretary of state may by order specify.

(3) This paragraph shall not have effect in relation to any property if paragraph 12(3) has effect in relation to it.”

The Finance Act 1997 (c. 16)

Schedule 12 (leasing arrangements: finance leases and loans)

F10298

Textual Amendments

F102 Sch. 2 para. 98 repealed (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 3 Pt. 2](#) (with [Sch. 2](#)) and (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), [Sch. 10 Pt. 8](#) (with [Sch. 9 paras. 1-9, 22](#))

The Finance (No. 2) Act 1997 (c. 58)

Section 48 (films: relief for production or acquisition expenditure)

99 (1) In subsection (1), for “section 68(3) to (6) of the 1990 Act, section” substitute “section 40B or”.

(2) For subsection (9) substitute—

“(9) Subsections (1) to (5) of section 5 of the Capital Allowances Act 2001 (when capital expenditure is incurred) apply for determining when for the purposes of this section any expenditure is incurred as they apply for determining when for the purposes of that Act any capital expenditure is incurred, but as if, in subsection (6) of that section, “at an earlier time” were substituted for “in an earlier chargeable period”.”

The Finance Act 1998 (c. 36)

Section 117 (company tax returns, assessments and related matters)

100 (1) In subsection (1), at the end of paragraph (b), insert “ and ”.

(2) For subsection (1)(d) and the word “and” before it substitute—

“and also make provision in relation to claims for allowances under the Capital Allowances Act.”

F103101

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Textual Amendments

F103 Sch. 2 para. 101 repealed (1.4.2010) (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\)](#), s. 381(1), **Sch. 10 Pt. 12** (with Sch. 9 paras. 1-9, 22)

F104 102

Textual Amendments

F104 Sch. 2 para. 102 repealed (with effect as mentioned in s. 64(6), Sch. 22 paras 16, 17 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 141, (Sch. 40 Pt. 3(8) Note 2)

Schedule 18 (company tax returns, assessments and related matters)

103 (1) For paragraph 78 (application of Part IX of the Schedule) substitute—

“78 This Part of this Schedule applies to claims for allowances under the Capital Allowances Act which—
(a) are made for corporation tax purposes, and
(b) are required under section 3 of that Act to be included in a tax return.”

(2) For paragraph 79(1) (claim to be included in company tax return) substitute—

“79 (1) A claim for capital allowances must be included in the claimant company’s company tax return for the accounting period for which the claim is made.”

The Finance Act 1999 (c. 16)

F105 104

Textual Amendments

F105 Sch. 2 para. 104 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)

The Greater London Authority Act 1999 (c. 29)

Schedule 33 (taxation)

105 (1) In paragraph 4(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act 2001 ”.

(2) In paragraph 4(8), for “section 77 of the Capital Allowances Act 1990 (successions to trades: connected persons)” substitute “ section 266 of the Capital Allowances Act 2001 (election where predecessor and successor are connected persons) ”.

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(3) For paragraph 4(9) substitute—

“(9) Except as provided by this paragraph, a qualifying transfer in relation to which this paragraph applies shall be taken for the purposes of the Capital Allowances Act 2001 not to give rise to—

- (a) any writing-down allowances, balancing allowances or balancing charges under Chapter 5 of Part 2 of that Act (plant and machinery allowances and charges),
- (b) any disposal value being treated as received for the purposes of that Chapter,
- (c) any qualifying expenditure being treated as incurred for the purposes of that Chapter, or
- (d) any writing-down allowances, balancing allowances or balancing charges under Part 3 of that Act (industrial buildings allowances).

(10) In this paragraph and paragraph 10 below “the Capital Allowances Act 2001” includes, where the context admits, enactments which under the Taxes Act 1988 are to be treated as contained in the Capital Allowances Act 2001.”

(4) In paragraph 10(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act 2001 ”.

(5) In paragraph 10(9), for “section 77 of the Capital Allowances Act 1990 (successions to trades: connected persons)” substitute “ section 266 of the Capital Allowances Act 2001 (election where predecessor and successor are connected persons) ”.

(6) For paragraph 10(10) substitute—

“(10) Except as provided by this paragraph, a relevant transfer in relation to which this paragraph applies shall be taken for the purposes of the Capital Allowances Act 2001 not to give rise to—

- (a) any writing-down allowances, balancing allowances or balancing charges under Chapter 5 of Part 2 of that Act (plant and machinery allowances and charges),
- (b) any disposal value being treated as received for the purposes of that Chapter,
- (c) any qualifying expenditure being treated as incurred for the purposes of that Chapter, or
- (d) any writing-down allowances, balancing allowances or balancing charges under Part 3 of that Act (industrial buildings allowances).”

(7) In paragraph 11(2)—

- (a) for “Part I of the Capital Allowances Act 1990” substitute “ Part 3 of the Capital Allowances Act 2001 ”, and
- (b) for “Chapter VI of Part II” substitute “ Chapter 14 of Part 2 ”.

(8) In paragraph 11(4)—

- (a) for “Part I of the Capital Allowances Act 1990” substitute “ Part 3 of the Capital Allowances Act 2001 ”,
- (b) for “Chapter VI of Part II of the Capital Allowances Act 1990” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act 2001 ”, and
- (c) for “section 51(3)” substitute “ section 175(1) ”.

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- (9) In paragraph 12(1)—
 - (a) omit paragraph (a),
 - (b) for “section 52(2)” substitute “ section 176(2) or (3) ”, and
 - (c) for “section 60” substitute “ sections 67 and 68. ”

- (10) In paragraph 12(2)—
 - (a) for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”, and
 - (b) for “section 26(1)(f)” substitute “ item 7 in the Table in section 61(2) ”.

The Finance Act 2000 (c. 17)

Section 105 (corporation tax: use of currencies other than sterling)

106 In subsection (3), for “any of the items referred to in section 25(1) of the Capital Allowances Act 1990 which fall to be taken into account” substitute “ any amount falls to be taken into account under Chapter 5 of Part 2 of the Capital Allowances Act as available qualifying expenditure ”.

F106 107

Textual Amendments
F106 Sch. 2 para. 107 repealed (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 8 Pt. 1** (with [Sch. 7](#))

Schedule 22 (tonnage tax)

- 108 (1) In paragraph 41(4), for “section 82A of the Capital Allowances Act 1990” substitute “ section 219 of the Capital Allowances Act 2001 ”.
- (2) For paragraph 69(2) substitute—
 - “(2) In this paragraph “unrelieved qualifying expenditure” has the same meaning as in Chapter 5 of Part 2 of the Capital Allowances Act 2001.”
- (3) In paragraph 69(4), for paragraphs (a) and (b) substitute “ section 130 of the Capital Allowances Act 2001 (notice postponing first-year or writing-down allowance) ”.
- (4) For paragraph 70(2) substitute—
 - “(2) Sections 61(1)(e), 206(3) and 207 of the Capital Allowances Act 2001 (effect of use partly for qualifying activity and partly for other purposes) apply as follows—
 - (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
 - (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”

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- (5) In paragraph 72(1), for “sections 33A to 33F of the Capital Allowances Act 1990” substitute “ sections 135 to 156 of the Capital Allowances Act 2001 ”.
- (6) For paragraph 73(2) substitute—
- “(2) Sections 206(1), (2) and (4) and 207 of the Capital Allowances Act 2001 (operation of single asset pool for mixed use assets) apply as follows—
- (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
 - (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”
- (7) For paragraph 75(2) and (3) substitute—
- “(2) If the asset was acquired before entry into tonnage tax, section 61(1)(e) of the Capital Allowances Act 2001 applies (disposal event if plant or machinery begins to be used wholly or partly for purposes other than those of the qualifying activity), but reading the reference in that provision to the qualifying activity as a reference to the tonnage tax trade.
- (3) If the asset was acquired after entry into tonnage tax and begins to be used wholly or partly for the purposes of a qualifying activity carried on by the company, section 13 of the Capital Allowances Act 2001 (use for qualifying activity of plant or machinery provided for other purposes) applies as follows—
- (a) references to purposes which were not those of any qualifying activity shall be read as including references to the purposes of the tonnage tax trade, and
 - (b) references to the qualifying activity carried on by him shall be read as not including references to the tonnage tax trade.”
- (8) For paragraph 76(2) substitute—
- “(2) Sections 61(1)(e), 206(3) and 207 of the Capital Allowances Act 2001 (effect of use partly for qualifying activity and partly for other purposes) apply as follows—
- (a) references to a qualifying activity shall be read as not including references to the tonnage tax trade, and
 - (b) references to purposes other than those of a qualifying activity shall be read as including references to the purposes of the tonnage tax trade.”
- (9) In paragraph 77(2), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ” and for “references in that Part of that Act to a trade” substitute “ references in that Part of that Act to a qualifying activity ”.
- (10) In paragraph 80(2), for “section 24(6)(c)(i) to (iii) of the Capital Allowances Act 1990” substitute “ section 61(1)(a) to (d) of the Capital Allowances Act 2001 ”.
- (11) In paragraph 80(4), for “Sections 33A to 33F of the Capital Allowances Act 1990” substitute “ Sections 135 to 156 of the Capital Allowances Act 2001 ”.
- (12) For paragraph 82 substitute—

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- “82 If any identifiable part of a building or structure is used for the purposes of a company’s tonnage tax trade, that part is treated for the purposes of Part 3 of the Capital Allowances Act 2001 as used otherwise than as an industrial building.”
- (13) In paragraph 83(1), for “disposal event occurs in relation to an industrial building or structure” substitute “balancing event occurs in relation to an industrial building”.
- (14) For the first sentence of paragraph 83(2) substitute—
- “(2) A “balancing event” means an event by reason of which the company is required by Part 3 of the Capital Allowances Act 2001 to bring into account any proceeds.”
- (15) For paragraph 83(3)(a) substitute—
- “(a) the proceeds to be brought into account in respect of the industrial building are limited to the market value of the relevant interest when the company entered tonnage tax; and”.
- (16) In paragraph 84(1), omit “or structure”.
- (17) In paragraph 84(2), for “The provisions of section 8(1) to (12) of the Capital Allowances Act 1990 (writing off of expenditure and meaning of “residue of expenditure”)” substitute “Section 313 and Chapter 8 of Part 3 of the Capital Allowances Act 2001 (meaning of “residue of qualifying expenditure” and writing off qualifying expenditure)”.
- (18) In paragraph 85(1), for “Part II of the Capital Allowances Act 1990 (plant and machinery)” substitute “Part 2 of the Capital Allowances Act 2001 (plant and machinery allowances)”.
- (19) In paragraph 86(1), for “Part I of the Capital Allowances Act 1990 (industrial buildings)” substitute “Part 3 of the Capital Allowances Act 2001 (industrial buildings allowances)”.
- (20) For paragraph 87(1)(b) substitute—
- “(b) the expenditure shall be disregarded for the purposes of calculating the person’s entitlement to a writing-down allowance or balancing allowance or liability to a balancing charge.”
- (21) In paragraph 88(1), for the definitions of “capital allowance” and “qualifying activity” substitute—
- ““capital allowance” means any allowance under the Capital Allowances Act 2001;
- “qualifying activity” means any activity in respect of which a person may be entitled to a capital allowance;”.
- (22) For paragraph 88(2) and (3) substitute—
- “(2) In this Part of this Schedule any reference to pooling or to single asset pools, class pools or the main pool shall be construed in accordance with sections 53 and 54 of the Capital Allowances Act 2001.”
- (23) In paragraph 88(4), for “the Capital Allowances Act 1990” substitute “the Capital Allowances Act 2001”.

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- (24) In paragraph 89(1), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.
- (25) In paragraph 89(2), for “section 82A of the 1990 Act” substitute “ section 219 of that Act ”.
- (26) In paragraph 92(4), for “belonging to him for the purposes of Part II of the Capital Allowances Act 1990” substitute “ owned by him for the purposes of Part 2 of the Capital Allowances Act 2001 ”.
- (27) In paragraph 94(4), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.
- (28) In paragraph 96(2), for “the Capital Allowances Act 1990” substitute “ the Capital Allowances Act 2001 ”.
- (29) In paragraph 100(2)(b)(ii), for “section 30(1)(a) or (c) of the Capital Allowances Act 1990” substitute “ section 130 of the Capital Allowances Act 2001 ”.
- (30) In paragraph 100(3), for “the balance that would otherwise have been carried forward under Part II of the Capital Allowances Act 1990” substitute “ the unrelieved qualifying expenditure that would otherwise have been carried forward under Chapter 5 of Part 2 of the Capital Allowances Act 2001 ”.
- (31) In paragraph 110(2), for “the provisions of Part II of the Capital Allowances Act 1990 apply” substitute “ Part 2 of the Capital Allowances Act 2001 applies ”.
- (32) In paragraph 110(4)—
- (a) for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”, and
 - (b) for “section 24(6)(c)” substitute “ section 61(1) ”.
- (33) For paragraph 112(3) substitute—
- “(3) In this paragraph “unrelieved qualifying expenditure” means the unrelieved qualifying expenditure that would otherwise have been carried forward under Chapter 5 of Part 2 of the Capital Allowances Act 2001.”
- (34) In paragraph 112(5), for paragraphs (a) and (b) substitute “ section 130 of the Capital Allowances Act 2001 (notice postponing first-year or writing-down allowance) ”.
- (35) In paragraph 113(2), for “Part II of the Capital Allowances Act 1990” substitute “ Part 2 of the Capital Allowances Act 2001 ”.
- (36) In paragraph 135—
- (a) for “Part II of the Capital Allowances Act 1990 (plant and machinery)” substitute “ Part 2 of the Capital Allowances Act 2001 (plant and machinery allowances) ”, and
 - (b) for “unrelieved qualifying expenditure under Part I of that Act (industrial buildings)” substitute “ the residue of qualifying expenditure under Part 3 of that Act (industrial buildings allowances) ”.

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The Transport Act 2000 (c. 38)

Schedule 26 (transfers: tax)

- 109 (1) In paragraph 1(1)—
- (a) omit the definition of “the 1990 Act”,
 - (b) for the definition of “the Capital Allowances Acts” substitute—

““the Capital Allowances Act” means the Capital Allowances Act 2001 and includes, where the context admits, enactments which under the 1988 Act are to be treated as contained in the Capital Allowances Act 2001,”,

and
 - (c) in the definition of “fixture”, for “Chapter VI of Part II of the 1990 Act” substitute “ Chapter 14 of Part 2 of the Capital Allowances Act ”.
- (2) In paragraph 1(3), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (3) In paragraph 5(1)(b), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ” and for “Part II of the 1990 Act” substitute “ Part 2 of that Act ”.
- (4) In paragraph 5(1)(c), for “those Acts” substitute “ that Act ”.
- (5) In paragraph 5(2)—
- (a) for “those Acts” substitute “ the Capital Allowances Act ”, and
 - (b) for “section 54 of the 1990 Act” substitute “ sections 181(1) and 182(1) of that Act ”.
- (6) In paragraph 6, for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.
- (7) In paragraph 13(1) and (2)(a), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (8) In paragraph 14(1)(c), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (9) In paragraph 14(1)(d), for “those Acts” substitute “ that Act ”.
- (10) In paragraph 14(2)—
- (a) for “those Acts” substitute “ the Capital Allowances Act ”,
 - (b) in paragraph (a), for “section 26(1) or 59 of the 1990 Act” substitute “ section 61(2) to (4), 72(3) to (5), 171, 196 or 423 of that Act ”, and
 - (c) in paragraph (d), for “section 54 of the 1990 Act” substitute “ sections 181(1) and 182(1) of that Act ”.
- (11) In paragraph 15, for “Part II of the 1990 Act” substitute “ Part 2 of the Capital Allowances Act ”.
- (12) In paragraph 21(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.

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- (13) In paragraph 21(4), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (14) In paragraph 21(5)—
- (a) for “machinery or plant” (in both places) substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ section 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (15) In paragraph 21(6), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.
- (16) In paragraph 21(7), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (17) In paragraph 21(8)—
- (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”.
- (18) In paragraph 21(9), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (19) In paragraph 27(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (20) In paragraph 27(4), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (21) In paragraph 27(5)—
- (a) for “machinery or plant”, in both places where it occurs, substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ section 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (22) In paragraph 27(6), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.
- (23) In paragraph 27(7), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (24) In paragraph 27(8)—

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- (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”
- (25) In paragraph 27(9), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.
- (26) In paragraph 34(1), for “Part I of the 1990 Act” substitute “ Part 3 of the Capital Allowances Act ”.
- (27) In paragraph 34(5), for “Sections 157 and 158 of that Act (sales between connected persons or without change of control)” substitute “ Sections 567 to 570 of that Act (sales treated as being for alternative amount) ”.
- (28) In paragraph 34(6)—
- (a) for “machinery or plant” (in both places) substitute “ plant or machinery ”,
 - (b) for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”, and
 - (c) for “section 24 of the 1990 Act (balancing adjustments)” substitute “ sections 60 of that Act (meaning of “disposal value” and “disposal event”) ”.
- (29) In paragraph 34(7), for “section 26(2) and (3) of that Act (disposal value of machinery or plant not to exceed capital expenditure incurred on its provision)” substitute “ section 62 of that Act (general limit on amount of disposal value) ”.
- (30) In paragraph 34(8), for “a fixture is treated by section 57(2) of the 1990 Act as ceasing to belong to a person” substitute “ a person is treated by section 188 of the Capital Allowances Act as ceasing to own a fixture ”.
- (31) In paragraph 34(9)—
- (a) for “section 24 of that Act is, subject to section 26(2) and (3) of that Act” substitute “ section 60 of the Capital Allowances Act is, subject to section 62 of that Act ”, and
 - (b) for “Part II of that Act” substitute “ Part 2 of that Act ”.
- (32) In paragraph 34(10), for “the Capital Allowances Acts” substitute “ the Capital Allowances Act ”.

SCHEDULE 3 U.K.

Section 579

TRANSITIONALS AND SAVINGS

PART 1 U.K.

CONTINUITY OF THE LAW

- 1 The repeal of provisions and their enactment in a rewritten form in this Act does not affect the continuity of the law.
- 2 Paragraph 1—
 - (a) does not apply to any change in the law effected by this Act, and

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- (b) is subject to paragraph 8.
- 3 Any subordinate legislation or other thing which—
- (a) has been made or done, or has effect as if made or done, under or for the purposes of a repealed provision, and
 - (b) is in force or effective immediately before the commencement of the corresponding rewritten provision,
- has effect after that commencement as if made or done under or for the purposes of the rewritten provision.
- 4 Any reference (express or implied) in any enactment, instrument or document to—
- (a) a rewritten provision, or
 - (b) things done or falling to be done under or for the purposes of a rewritten provision,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding repealed provision had effect, a reference to the repealed provision or (as the case may be) things done or falling to be done under or for the purposes of the repealed provision.
- 5 Any reference (express or implied) in any enactment, instrument or document to—
- (a) a repealed provision, or
 - (b) things done or falling to be done under or for the purposes of a repealed provision,
- is to be read as including, in relation to times, circumstances or purposes in relation to which any corresponding rewritten provision has effect, a reference to the rewritten provision or (as the case may be) things done or falling to be done under or for the purposes of the rewritten provision.
- 6 Paragraphs 1 to 5 have effect instead of section 17(2) of the Interpretation Act 1978 (but are without prejudice to any other provision of that Act).
- 7 Paragraphs 4 and 5 apply only in so far as the context permits.

PART 2 **U.K.**

CHANGES IN THE LAW

- 8 (1) This paragraph applies where, in the case of any person—
- (a) a thing is done or an event occurs before the relevant date, and
 - (b) by reason of a change in the law effected by this Act, the tax consequences of that thing or event for a relevant chargeable period are different from what they would otherwise have been.
- (2) If that person so elects, this Act has effect in relation to that period with such modifications as may be necessary to secure that those consequences are the same as they would have been without the change in the law.
- (3) If this paragraph applies in the case of two or more persons in relation to the same thing or event, an election made under sub-paragraph (2) by any one of those persons is of no effect unless a corresponding election is made by the other or each of the others.

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- (4) An election under sub-paragraph (2) must be made by notice given to [F99]an officer of Revenue and Customs]—
- (a) for income tax purposes, within the normal time limit for amending a tax return for the tax year in which the chargeable period ends;
 - (b) for corporation tax purposes, no later than 2 years after the end of the chargeable period.
- (5) In this paragraph—
- “relevant chargeable period” means—
- (a) in relation to a change effected by section 536(5)(a) or 537(4), the earliest chargeable period for which the tax consequences of the thing or event are different from what they would otherwise have been;
 - (b) in relation to any other change, a chargeable period which begins before and ends on or after the relevant date;
- “the relevant date” means 6th April 2001 for income tax purposes and 1st April 2001 for corporation tax purposes.

Textual Amendments

F99 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), s. 53\(1\), Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

PART 3 **U.K.**

GENERAL

Capital expenditure

- 9 Subsections (2) and (3) of section 4 apply with the omission of the words “or property business” in relation to expenditure incurred or sums paid or received before 26th November 1996.

Exclusion of double relief

- 10 Section 9 does not apply in relation to expenditure incurred before 24th July 1996.

PART 4 **U.K.**

PLANT AND MACHINERY ALLOWANCES

Introduction

Use for qualifying activity of plant or machinery provided for other purposes

- 11 Subsections (4) and (5) of section 13 do not apply if the plant or machinery was brought into use before 21st March 2000.

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Use for qualifying activity of plant or machinery which is a gift

12 Section 14 applies with the insertion after subsection (1) of—

“(1A) This section does not apply unless the donor was required by section 24(6) of CAA 1990 to bring into account for the purposes there mentioned a disposal value equal to the price which the plant or machinery would have fetched if sold in the open market at the time of the gift.”,

if the plant or machinery was brought into use before 27th July 1989.

Qualifying expenditure

Buildings, structures and land

13 Sections 21 to 24 do not apply in relation to expenditure—

- (a) incurred before 30th November 1993;
- (b) incurred before 6th April 1996 in pursuance of a contract entered into before 30th November 1993; or
- (c) incurred before 6th April 1996 in pursuance of a contract entered into on or after 30th November 1993 for the purpose of securing that obligations under a contract entered into before 30th November 1993 are complied with.

First-year qualifying expenditure

^{F107}14

Textual Amendments

F107 Sch. 3 para. 14 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 76\(5\)\(f\)](#) (with [s. 76\(7\)\(8\)](#))

Hire-purchase and similar contracts

Plant or machinery acquired under hire purchase etc.

15 Section 67(2) applies with the omission of the words in brackets if the contract under which the expenditure was incurred was entered into before 27th July 1989.

Plant or machinery on hire purchase etc.: fixtures

16 Section 69(2) does not apply if the plant or machinery became a fixture before 28th July 2000.

Plant or machinery provided by lessee

17 In section 70(1), paragraphs (c) and (d) do not apply if the lease was entered into before 12th July 1984, or on or after that date under an agreement made before that date.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Computer software

Software and rights to software

18 Section 71 does not apply to expenditure incurred before 10th March 1992.

F108

Textual Amendments

F108 Sch. 3 para. 19 and cross-heading omitted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 24](#) (with [Sch. 11 paras. 30-32](#))

F108 19

Long-life assets

Long-life asset expenditure

- 20 (1) Chapter 10 of Part 2 does not apply to any expenditure incurred—
- (a) before 26th November 1996, or
 - (b) before 1st January 2001 in pursuance of a contract entered into before 26th November 1996.
- (2) Chapter 10 of Part 2 does not apply to expenditure incurred by any person (“the purchaser”) on the acquisition of a long-life asset from another (“the seller”) if—
- (a) the seller has made a Part 2 claim in respect of expenditure incurred on the provision of the asset (“the seller’s expenditure”),
 - (b) the claim is one which the seller was entitled to make,
 - (c) the seller’s expenditure did not fall to be treated as long-life asset expenditure for the purposes of the claim, and
 - (d) the seller’s expenditure would have been so treated if one or more of the assumptions specified in sub-paragraph (3) were made.
- (3) The assumptions are that—
- (a) expenditure falling within sub-paragraph (1) is not prevented by that sub-paragraph from being long-life asset expenditure,
 - (b) the seller’s expenditure was not prevented by sub-paragraph (2) from being long-life asset expenditure, and
 - (c) Chapter 10 of Part 2 or any provision corresponding to it applied for chargeable periods ending before 26th November 1996.
- (4) The reference in sub-paragraph (1) to expenditure incurred in pursuance of a contract entered into before 26th November 1996 does not, in the case of a contract varied at any time on or after that date, include a reference to any expenditure incurred under the contract that exceeds the expenditure that would have been incurred if the contract had not been varied.

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- (5) Expressions used in this paragraph and in Chapter 10 of Part 2 have the same meaning in this paragraph as in that Chapter; and in particular references in this paragraph to a “Part 2 claim” are to be read in accordance with section 103(3).

Overseas leasing

Meaning of “overseas leasing”

- 21 Section 105(2) applies with the substitution for paragraph (b) of—
“(b) does not use the plant or machinery for the purposes of a qualifying activity carried on there or for earning profits chargeable to tax by virtue of section 830(4) of ICTA,”,
in relation to the use of plant or machinery for leasing under a lease entered into before 16th March 1993.

Recovery of first-year allowances in case of joint lessees

- 22 (1) Sub-paragraphs (2) and (3) apply if—
(a) expenditure has been incurred on the provision of plant or machinery which is leased as described in section 116(1), and
(b) the whole or a part of the expenditure has qualified for a first-year allowance under—
(i) section 43(4) of CAA 1990, or
(ii) paragraph 47(7).
- (2) Section 117(1) applies as if the reference in paragraph (b) to expenditure qualifying for a normal writing-down allowance under section 116(3) included a reference to expenditure qualifying for the first-year allowance.
- (3) Subsections (3) to (5) of section 117 apply as if the reference in section 117(3)(b) to expenditure qualifying for a normal writing-down allowance under section 116(3) included a reference to expenditure qualifying for the first-year allowance.

Letting ships or aircraft to obtain old first-year allowance not a qualifying purpose

- 23 Subsections (1) and (2) of section 123 do not apply if the main object, or one of the main objects—
(a) of the letting of the ship or aircraft on charter,
(b) of a series of transactions of which the letting of the ship or aircraft on charter was one, or
(c) of any of the transactions in such a series,
was to obtain a first-year allowance in respect of expenditure which was first-year qualifying expenditure under paragraph 47 and was incurred by any person on the provision of the ship or aircraft.

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Ships: deferrals etc.

Further registration requirement

- 24 Section 154 does not apply in the case of a ship that was brought into use before 20th July 1994 for the purposes of a qualifying activity carried on by the person incurring the expenditure on the provision of the ship or a person connected with him.

Mining and oil industries

Pre-trading expenditure on mineral exploration and access

- 25 Section 161 does not apply if—
- (a) the person incurred the pre-trading expenditure before 1st April 1986; and
 - (b) before the first day of trading, the mineral exploration and access at the source in question had ceased.

Abandonment expenditure incurred before cessation of ring fence trade

- 26 Section 164 does not apply if the chargeable period in which the abandonment expenditure was incurred ended before 1st July 1991.

Abandonment expenditure incurred after cessation of ring fence trade

- 27 Section 165 does not apply if the abandonment expenditure was incurred before 1st July 1991.

Oil production sharing contracts

- 28 Sections 167 to 171 do not apply if—
- (a) the expenditure was incurred before 21st March 2000; or
 - (b) the expenditure is treated as incurred by virtue of section 13 and the conditions mentioned in subsection (1) of that section were fulfilled before that date.

Fixtures

Meaning of “interest in land” for purposes of Chapter 14 of Part 2 (fixtures)

- 29 (1) Sub-paragraph (2) applies if paragraph 51 of Schedule 12 to the Abolition of Feudal Tenure etc. (Scotland) Act 2000 has not come into force before the commencement of section 175.
- (2) Section 175(1) has effect until the appointed day as if for paragraph (b) there were substituted—
- “(b) in Scotland, the estate or interest of the proprietor of the dominium utile (or, in the case of property other than feudal property, of the owner) and any agreement to acquire such an estate or interest,”.

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- (3) In sub-paragraph (2) “the appointed day” means such day as may be appointed by the Scottish Ministers under section 71 of the Abolition of Feudal Tenure etc. (Scotland) Act 2000 for the coming into force of the Act.

Subordinate Legislation Made

P1 Sch. 3 para. 29: 28.11.2004 appointed under [2000 asp 5, s. 71](#) by [S.S.I. 2003/456, art. 2](#)

Equipment lessors

- 30 Section 177(1)(a)(i) does not apply if the agreement for the lease of the plant or machinery was entered into before 19th March 1997.

Equipment lessee has qualifying activity etc.

- 31 Section 178 applies—
- (a) if the agreement for the lease of the plant or machinery was entered into before 19th March 1997, with the omission of the words “which is or is to be” in paragraph (a) and the addition of the word “ and ” at the end of that paragraph; and
 - (b) if that expenditure was incurred before 24th July 1996, with the omission of paragraph (c) and the substitution for paragraph (b) of—
 - “(b) if the equipment lessee had incurred the capital expenditure incurred by the equipment lessor on the provision of the plant or machinery, he would, by virtue of section 176, be treated as the owner of the fixture as a result of incurring the expenditure”.

Equipment lessor has right to sever fixture that is not part of building

- 32 Section 179(1) does not apply if the agreement for the lease of the plant or machinery was entered into before 19th March 1997 and applies with—
- (a) the addition at the end of paragraph (e) of the word “ and ”, and
 - (b) the omission of paragraph (g) and the word “and” immediately before it, if the expenditure of the equipment lessor was incurred before 24th July 1996.

Equipment lease is part of affordable warmth programme

- 33 Section 180 does not apply if the expenditure of the equipment lessor was incurred before 28th July 2000.

Purchaser of land giving consideration for fixture

- 34 Section 181 applies with—
- (a) the omission of the word “and” at the end of paragraph (b) of subsection (1); and
 - (b) the insertion after that paragraph of—
 - “(bb) at the time of the purchasers’ acquisition of the interest, either no person has previously become entitled to an allowance in respect of any capital expenditure incurred

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on the provision of the fixture or, if any person has become so entitled, that person has been or is required to bring the disposal value of the fixture into account under Chapter 5, and”,

if the purchaser acquired the interest in the relevant land before 24th July 1996.

Purchaser of land discharging obligations of equipment lessee

35 Section 182 applies with—

- (a) the omission of the word “and” at the end of paragraph (c) of subsection (1); and
- (b) the insertion after that paragraph of—
 - “(cc) at the time of the purchasers’ acquisition of the interest, either no person has previously become entitled to an allowance in respect of any capital expenditure incurred on the provision of the fixture or, if any person has become so entitled, that person has been or is required to bring the disposal value of the fixture into account under Chapter 5, and”,

if the purchaser acquired the interest in the relevant land before 24th July 1996.

Incoming lessee where lessor entitled to allowances

36 Section 183 applies with the insertion after subsection (2) of—

“(3) No election may be made under this section if it appears that the sole or main benefit that may be expected to accrue to the lessor from the grant of the lease and the making of an election is the obtaining of an allowance or deduction or a greater allowance or deduction or the avoidance or reduction of a charge under this Part.”,

if the person who had the interest in the relevant land granted the lease before 24th July 1996.

Incoming lessee where lessor not entitled to allowances

37 Section 184 applies with—

- (a) the omission of the word “and” at the end of paragraph (c) of subsection (1); and
- (b) the insertion after that paragraph of—
 - “(cc) at the time of the grant of the lease, no person has previously become entitled to an allowance in respect of any capital expenditure incurred on the provision of the fixture, and”,

if the person who had the interest in the relevant land granted the lease before 24th July 1996.

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Fixture on which a plant and machinery allowance has been claimed

- 38 Section 185 does not apply if the disposal event which required the disposal value to be brought into account as mentioned in subsection (1)(d) occurred before 24th July 1996.

Fixture on which industrial buildings allowance has been made

- 39 Section 186 does not apply if the time mentioned in subsection (1)(c)(ii) is before 24th July 1996.

Fixture on which research and development allowance has been made

- 40 Section 187 does not apply if the time mentioned in subsection (1)(d)(ii) is before 24th July 1996.

Disposal value in relation to fixtures: general

- 41 In relation to a fixture which a person is treated as ceasing to own before 24th July 1996, section 196 applies with the substitution for subsection (6) of—

“(6) If—

- (a) a person (“the former owner”) is treated by virtue of section 188, 190 or 191 as ceasing to own a fixture,
- (b) another person incurs expenditure on the provision of the fixture, and
- (c) the former owner brings a disposal value into account under Chapter 5,

there is to be disregarded for the purposes of this Part so much (if any) of that expenditure as exceeds that disposal value.

- (7) In relation to expenditure incurred before 27th July 1989, subsection (6) has effect with the substitution for the words following “the fixture” in paragraph (b) of the words “there is to be disregarded for the purposes of this Part so much (if any) of that expenditure as exceeds the disposal value which the former owner is required to bring into account under Chapter 5”.

Assets provided or used only partly for qualifying activity

Effect of significant reduction in use for purposes of qualifying activity

- 42 Section 208 does not apply if the change of circumstances referred to in subsection (1)(b) of that section occurs before 21st March 2000.

Anti-avoidance

Relevant transactions: sale, hire-purchase (etc.) and assignment

- 43 Section 213(3) does not apply if the plant or machinery was brought into use before 27th July 1989.

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Hire purchase etc. and finance leases

44 Sections 220 and 229 do not apply in relation to expenditure incurred before 2nd July 1997, or in the 12 months beginning with that date in pursuance of a contract entered into before that date.

Sale and finance leasebacks

45 Sections 221, 222 and 224 to 226 do not apply in relation to expenditure incurred before 2nd July 1998 if the relevant transaction—
(a) is a purchase under a contract entered into before 2nd July 1997;
(b) is itself a contract entered into before that date; or
(c) is an assignment made before that date, or in pursuance of a contract entered into before that date.

Additional VAT liabilities and rebates

F109⁴⁶

Textual Amendments
F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

F109⁴⁷

Textual Amendments
F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

F109⁴⁸

Textual Amendments
F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

F109⁴⁹

Textual Amendments
F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

F109⁵⁰

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Textual Amendments

F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

F10951

Textual Amendments

F109 Sch. 3 paras. 46-51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(4\)](#) (with [s. 76\(7\)\(8\)](#))

Supplementary provisions

Successions by beneficiaries

- 52 Section 266(7) does not apply if the succession occurred before 27th July 1989.
- 53 Subsections (6) and (7) of section 268 do not apply if the election under that section was made before 6th April 1990.

General

Vehicles provided by employees in 1990-91

- 54 (1) This paragraph applies if—
- (a) at the beginning of the tax year 1990-91 machinery consisting of a mechanically propelled road vehicle was provided by a person for use in the performance of the duties of an office or employment held by him, and
 - (b) the machinery was also provided by him at the end of the tax year 1989-90 for use in the performance of the duties of that office or employment but without that provision being necessary.
- (2) Part 2 of this Act has effect as if the person had incurred capital expenditure on the provision of the machinery for the purposes of the office or employment in the tax year 1990-91—
- (a) the amount of that expenditure being taken as the price which the machinery would have fetched if sold in the open market on 6th April 1990, and
 - (b) the person being treated as owning the machinery as a result of his having incurred that expenditure.

Certain expenditure incurred before 6th April 1976

- 55 Part 2 of this Act does not apply to capital expenditure—
- (a) which was not eligible expenditure within the meaning of section 39 of FA 1976 (which brought expenditure previously not within Chapter I of Part III of FA 1971 within that Chapter but with certain exceptions), and
 - (b) which was incurred in a chargeable period ending before 6th April 1976.

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PART 5 U.K.

INDUSTRIAL BUILDINGS ALLOWANCES

Industrial buildings

Bridge undertakings

F11056

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Building used by more than one licensee

F11057

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying hotels

F11058

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Non-industrial part of building disregarded

F11059

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying expenditure

Purchase of used building from developer

F11060

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Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Qualifying enterprise zone expenditure

F11061

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

F11062

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

F11063

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Initial allowances

Building occupied by qualifying licensee

F11064

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Grants affecting entitlement to initial allowances

F11065

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

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Writing-down allowances

Basic rule for calculating amount of allowance

F110⁶⁶

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Calculation of amount after relevant event

F110⁶⁷

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Balancing adjustments

When balancing adjustments are made

F110⁶⁸

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Net allowance given

F110⁶⁹

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

F110⁷⁰

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

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Balancing adjustment on realisation of capital value

F11071

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Writing off qualifying expenditure

Writing off qualifying expenditure when building not an industrial building

F11072

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Crown or other person not within the charge to tax entitled to the relevant interest

F11073

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Highway undertakings

Special provisions relating to highway concessions

F11074

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Additional VAT liabilities and rebates

Additional VAT liabilities and initial allowances: 1992-93 cases

F11075

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Additional VAT liabilities and initial allowances: further case

F11076

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

1992-93 qualifying expenditure

F11077

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Supplementary provisions

Arrangements having an artificial effect on pricing

F11078

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

General

Expenditure on preparatory work on land where building used before 6th April 1956

F11079

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(a\)](#)

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

PART 6 **U.K.**

AGRICULTURAL BUILDINGS ALLOWANCES

Overall limit on balancing charge

F11080

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Meaning of “freehold interest in land” for purposes of Part 4

F11081

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

Exclusion of expenditure incurred before 1st April 1986

F11082

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

The writing-down period

F11083

Textual Amendments

F110 Sch. 3 paras. 56-83 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 27 para. 20(a)**

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PART 7 U.K.

MINERAL EXTRACTION ALLOWANCES

Qualifying expenditure on acquiring a mineral asset

Qualifying expenditure where buildings or structures cease to be used

- 84 In section 405(3) “A” does not include, in cases where the buildings or structures have permanently ceased to be used for any purpose before 27th July 1989, the amount of any agricultural buildings allowances.

Qualifying expenditure: second-hand assets

Claims before 26th November 1996 in respect of acquisition of mineral asset owned by previous trader

- 85 Section 407(4) does not apply in relation to claims made before 26th November 1996.

Acquisition of oil licence from non-trader before 13th September 1995

- 86 Section 408 does not apply to acquisitions occurring before 13th September 1995.

Restrictions on qualifying expenditure in case of UK oil licence and certain other assets inapplicable for expenditure pre-16th July 1985

- 87 (1) The sections listed in sub-paragraph (2) do not apply if—
- (a) asset X is a mineral asset situated in the United Kingdom, and
 - (b) the capital expenditure incurred by the buyer consists of the payment of sums under a contract entered into by him before 16th July 1985.
- (2) The sections are—
- (a) section 407 (acquisition of mineral asset owned by previous trader),
 - (b) section 410 (UK oil licence: qualifying expenditure limited by reference to original licence payment), and
 - (c) section 411 (assets generally: qualifying expenditure limited by reference to previous trader’s unrelieved qualifying expenditure).
- (3) Sections 407 and 411 apply, in relation to a case where asset X is a mineral asset situated in the United Kingdom, as if the references to an earlier owner of the asset did not include a person who has not owned the asset at any time after 31st March 1986.
- (4) In the case of a mineral asset which consists of or includes an interest in or right over mineral deposits or land, the asset is not to be regarded for the purposes of this paragraph as situated in the United Kingdom unless the deposits or land are or is so situated.
- (5) Expressions used in this paragraph and Chapter 4 of Part 5 have the same meaning in this paragraph as they have in that Chapter.

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Expenditure incurred pre-1st April 1986

88 (1) Part 5 of this Act does not apply in relation to expenditure incurred before 1st April 1986 (“old expenditure”) except as provided by the following provisions of this paragraph.

(2) Sections 401 and 402 apply to old expenditure if—

- (a) that expenditure was incurred on mineral exploration and access,
- (b) immediately before 1st April 1986, no allowance had been made under Chapter III of Part I of CAA 1968 in respect of it, and
- (c) after that day and before mineral exploration and access ceases at the source in question, the person by whom the expenditure was incurred began or begins to carry on a trade of mineral extraction.

In this sub-paragraph “source” has the same meaning as it had in Schedule 14 to FA 1986.

(3) For the purposes of Part 5—

- (a) expenditure which by virtue of any provision of section 119 of CAA 1990 (read with any provision of Schedule 14 to FA 1986) was treated immediately before the coming into force of this Act as expenditure incurred on 1st April 1986 for any purpose or purposes is to continue to be so treated;
- (b) any allowances treated as having been made under Schedule 13 to FA 1986 is to continue to be so treated;
- (c) any amount treated as qualifying expenditure for the purposes of that Schedule is to continue to be so treated; and
- (d) in relation to any expenditure to which paragraph 6(4)(a) of Schedule 14 to FA 1986 applied, section 424 does not apply (so that no deduction is to be made from the amount of any disposal receipt by reference to the undeveloped market value of the land in question).

(4) In the case of expenditure incurred in the acquisition of a mineral asset, nothing in sub-paragraph (3)(c) affects the time as at which under section 404 the undeveloped market value of an interest is to be determined.

(5) In a case where—

- (a) by virtue of any provision of this paragraph, the whole or any part of the outstanding balance (within the meaning of paragraph 1 of Schedule 14 to FA 1986) of an item of old expenditure is treated for the purposes of Part 5 as qualifying expenditure, and
- (b) a balancing charge falls to be made under Chapter 6 of that Part in respect of the expenditure,

then, in determining the amount on which that charge falls to be made, subsection (4) of section 418 has effect (subject to sub-paragraph (6)) as if paragraph (b) of that subsection included a reference to allowances made in respect of the item under Chapter III of Part I of CAA 1968.

(6) Where the qualifying expenditure in respect of which a balancing charge falls to be made represents part only of the outstanding balance of an item of old expenditure, the reference in sub-paragraph (5) to allowances made in respect of that item is to be construed as a reference to such part of those allowances as it is just and reasonable to apportion to that part of the balance (having regard to any apportionment made under paragraph 3(2) of Schedule 14 to FA 1986).

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PART 8 U.K.

RESEARCH AND DEVELOPMENT ALLOWANCES

Expenditure incurred partly on research and development

89 Section 439(4) does not apply to expenditure incurred before 27th July 1989.

References to research and development in relation to new trades

- 90 (1) Where—
- (a) a trade is set up and commenced in the year of assessment 1999-00, and
 - (b) its first period of account ends after 6th April 2001,
- Part 6 of this Act has effect in relation to that year as if references to research and development were references to scientific research.
- (2) In this paragraph “scientific research” means any activities in the fields of natural or applied science for the extension of knowledge.

Disposal of oil licences

- 91 (1) Sub-paragraphs (2) and (3) apply where—
- (a) a person (“the transferor”) disposes of any interest in an oil licence to another (“the transferee”) during the transitional period,
 - (b) part of the value of the interest is attributable to allowable exploration expenditure incurred by the transferor, and
 - (c) an election is made in accordance with this paragraph specifying an amount as the amount to be treated as so attributable.
- (2) Chapter 3 of Part 6 has effect in relation to the disposal as if—
- (a) the disposal were a disposal by which an asset representing the allowable exploration expenditure ceases to belong to the transferor, and
 - (b) the disposal value of that asset were an amount equal to the amount specified in the election.
- (3) For the purposes of Part 5 of this Act, the amount of any expenditure incurred—
- (a) by the transferee in acquiring the interest from the transferor, or
 - (b) by any person subsequently acquiring the interest (or an interest deriving from the interest),
- which is taken to be attributable to expenditure incurred, before the disposal to the transferee, on mineral exploration and access is the lesser of the amount specified in the election and the amount which, apart from this sub-paragraph, would be taken to be so attributable.
- (4) An election—
- (a) must be made by notice to ^{F111}the Commissioners for Her Majesty’s Revenue and Customs] given by the transferor, and
 - (b) subject to sub-paragraph (5), does not have effect unless a copy of it is served on the transferee and the transferee consents to it.
- (5) If ^{F112}the tribunal is] satisfied—

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- (a) that the disposal was made under or in pursuance of an agreement entered into by the transferor and the transferee on the mutual understanding that a quantified (or quantifiable) part of the value of the interest disposed of was attributable to allowable exploration expenditure, and
 - (b) that the part quantified in accordance with that understanding and the amount specified in the election are the same,
- [^{F113}the tribunal] may dispense with the need for the transferee to consent to the election.
- [^{F114}(6) An application for the tribunal to determine the question is to be subject to the relevant provisions of Part 5 of the Taxes Management Act 1970 (see, in particular, section 48(2)(b) of that Act), and each of the persons concerned is entitled to be a party to the proceedings on the application.]
- (7) Subject to sub-paragraph (8), an election may specify any amount, including a nil amount, as the amount to be treated as mentioned in sub-paragraph (1)(c).
- (8) Where—
- (a) a return has been made for a chargeable period of the transferor, and
 - (b) the return includes, at the time when it is made, an amount which, disregarding the provisions of this paragraph, would be treated under Chapter 3 of Part 6 as a trading receipt accruing in that period,
- the election must not specify an amount less than the amount included in the return unless [^{F111}the Commissioners for Her Majesty’s Revenue and Customs] agrees the lesser amount in question.
- (9) An election made in accordance with this paragraph—
- (a) is irrevocable, and
 - (b) may not be varied after it is made.
- (10) For the purposes of this paragraph a disposal is a disposal made during the transitional period if it is one made—
- (a) before 13th September 1995, or
 - (b) on or after that date in pursuance of any obligation to make the disposal which, immediately before that date, was an unconditional obligation.
- (11) For the purposes of sub-paragraph (10), the fact that a third party who is not connected with the transferor or the transferee may, by exercising any right or withholding any permission, prevent the fulfilment of an obligation does not prevent the obligation from being treated as unconditional.
- (12) In sub-paragraph (11) the reference to a third party is a reference to any person, body, government or public authority, whether within or outside the United Kingdom.
- (13) In this paragraph—
- “allowable exploration expenditure” has the same meaning as in section 555;
 - “mineral exploration and access” has the same meaning as in Part 5.
- (14) All such assessments and adjustments of assessments are to be made as are necessary to give effect to this paragraph.

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Textual Amendments

- F111** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\), s. 53\(1\), Sch. 4 para. 83\(2\)](#); S.I. 2005/1126, art. 2(2)(h)
- F112** Words in Sch. 3 para. 91(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\), art. 1\(2\), Sch. 1 para. 301\(2\)\(a\)](#)
- F113** Words in Sch. 3 para. 91(5) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\), art. 1\(2\), Sch. 1 para. 301\(2\)\(b\)](#)
- F114** Sch. 3 para. 91(6) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\), art. 1\(2\), Sch. 1 para. 301\(3\)](#)

PART 9 **U.K.**

PATENT ALLOWANCES

Expenditure incurred before 1st April 1986

Scope of paragraphs 93 to 101

- 92 (1) Paragraphs 93 to 101 apply to capital expenditure incurred by a person before 1st April 1986 on the purchase of patent rights.
- (2) Chapters 2 to 4 of Part 8 do not apply to such expenditure, except for certain provisions which are specifically applied by paragraph 101.

Qualifying expenditure and unrelieved qualifying expenditure

- 93 (1) In this paragraph and paragraphs 94 to 101, “qualifying expenditure” means capital expenditure incurred before 1st April 1986 on the purchase of patent rights.
- (2) The result of Steps 1 to 3 is the unrelieved qualifying expenditure for a chargeable period.

Step 1

Take an item of qualifying expenditure.

Step 2

Subtract any writing-down allowances made in respect of that expenditure for earlier chargeable periods.

Step 3

If the person who incurred the expenditure sold any part of the patent rights before the beginning of the chargeable period, subtract the net proceeds of sale (so far as they consist of capital sums).

Entitlement to writing-down allowances

- 94 (1) A writing-down allowance is made for a chargeable period in respect of an item of qualifying expenditure if—

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- (a) the chargeable period falls wholly or partly within the writing-down period for that expenditure (as determined in accordance with paragraph 95),
 - (b) paragraph 97 does not prohibit writing-down allowances for that period, and
 - (c) either—
 - (i) the trade use condition is met for that period, or
 - (ii) any income receivable by that person in respect of the patent rights in that period would be liable to tax.
- (2) The trade use condition is that—
- (a) the person is carrying on in the chargeable period a trade which is within the charge to tax, and
 - (b) at any time in the chargeable period the patent rights, or other rights out of which they were granted, were, or were to be, used for the purposes of the trade.
- (3) The total writing-down allowances made in respect of an item of qualifying expenditure (whether to the same or to different persons) must not exceed the amount of that expenditure.

The writing-down period

- 95 (1) The writing-down period for an item of qualifying expenditure—
- (a) begins at the beginning of the chargeable period in respect of which the expenditure is incurred, and
 - (b) is of a length determined in accordance with the Table, which shows the basic rule, and the rules which apply instead of the basic rule in the cases described in items 2 and 3.

Table

Length of writing-down periods for qualifying expenditure

Rule	Length of writing-down period
1. Basic rule.	17 years.
2. Patent rights are purchased for a specified period.	Whichever is shorter— (a) 17 years; (b) the number of years comprised within the specified period.
3. Patent rights begin one complete year or more after the commencement of the patent, and item 2 does not apply.	17 years, less the number of complete years which, when the rights began, have elapsed since the commencement of the patent; or if 17 complete years have so elapsed, one year.

- (2) For the purpose of determining the writing-down period, expenditure incurred for the purposes of a trade by a person about to carry on the trade is treated as if incurred on the first day on which that person carries on that trade, unless that person has by then sold all the rights on which the expenditure was incurred.
- (3) “The commencement of the patent”, means, in relation to a patent, the date as from which the patent rights become effective.

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Calculation of writing-down allowances

- 96 (1) The basic rule for calculating a writing-down allowance for an item of qualifying expenditure is—

$$\text{Ex } \frac{C}{W}$$

where—

E is the amount of the qualifying expenditure;

C is the length of the part of the chargeable period falling within the writing-down period;

W is the length of the writing-down period.

- (2) The basic rule is subject to the rules about—
- (a) cessation of writing-down allowances (paragraph 97), and
 - (b) reduced writing-down allowances (paragraph 98).

End of writing-down allowances

- 97 (1) No writing-down allowance is to be made to a person for a chargeable period in respect of qualifying expenditure incurred on the purchase of patent rights if any of the following occur in that period—
- (a) the patent rights come to an end without being subsequently revived,
 - (b) the person sells all of those rights, or so much of them as that person still owned at the beginning of the chargeable period, or
 - (c) the person sells part of those rights, and the net proceeds of sale for that period (so far as they consist of capital sums) are not less than the amount of the unrelieved qualifying expenditure for that period.
- (2) If a writing-down allowance in respect of qualifying expenditure is prohibited by sub-paragraph (1) for a chargeable period, no writing-down allowance is to be made in respect of that expenditure for any subsequent chargeable period.

Reduced writing-down allowance

- 98 (1) If a person sells part of any patent rights in a chargeable period, and for that period U is greater than N, the writing-down allowance for that period is—

$$\frac{U-N}{Y}$$

where—

U is the unrelieved qualifying expenditure for the chargeable period,

N is the net proceeds of any sales of the patent rights which take place in the chargeable period (so far as those proceeds consist of capital sums), and

Y is the number of complete years of the writing-down period remaining at the beginning of the chargeable period.

- (2) If an amount is calculated under sub-paragraph (1) for a chargeable period, that amount is also the amount of the writing-down allowance for subsequent chargeable periods until another sale in a period for which U is greater than N causes a fresh calculation to be made under sub-paragraph (1).

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- (3) If a chargeable period is more or less than a year, an allowance calculated under sub-paragraph (1) or (2) is proportionately increased or reduced.

Balancing allowance on sale or expiry of patent rights

- 99 (1) A person is entitled to a balancing allowance for a chargeable period in respect of qualifying expenditure if there is unrelieved qualifying expenditure for that period and any of the following occur in that period—
- (a) the patent rights come to an end without subsequently being revived, or
 - (b) the person sells all of those rights, or so much of them as that person still owned at the beginning of the period.

This is subject to sub-paragraph (2).

- (2) The person is not entitled to a balancing allowance unless—
- (a) a writing-down allowance has been given in respect of the expenditure, or
 - (b) a writing-down allowance could, but for the rights coming to an end or being sold, have been given in respect of the expenditure.
- (3) The amount of the balancing allowance is—
- (a) in the case of a sale, equal to the unrelieved qualifying expenditure for the chargeable period, less the net proceeds of sales taking place in the chargeable period (so far as they consist of capital sums), and
 - (b) in any other case, equal to the unrelieved qualifying expenditure for the chargeable period.

Balancing charges

- 100 (1) A balancing charge is made on a person for a chargeable period in respect of qualifying expenditure if in that period—
- (a) the person sells some or all of the patent rights, and
 - (b) the net proceeds of sale (so far as they consist of capital sums) from the sales in that period exceed any unrelieved qualifying expenditure for that period.

The charge is calculated in accordance with sub-paragraphs (2) to (5).

- (2) If there is no unrelieved qualifying expenditure, the amount of the balancing charge is equal to the net proceeds of sale (so far as they consist of capital sums).

This is subject to sub-paragraphs (4) and (5).

- (3) If there is some unrelieved qualifying expenditure, the amount of the balancing charge is equal to the amount by which the net proceeds of sale (so far as they consist of capital sums) exceed the unrelieved qualifying expenditure.

This is subject to sub-paragraphs (4) and (5).

- (4) The total amount of the first balancing charge must not exceed the total writing-down allowances actually given in respect of the expenditure.

- (5) The total amount on which a second or further balancing charge is made must not exceed the total writing-down allowances actually made in respect of the expenditure, less the amount of any earlier charge.

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Giving effect to allowances and charges

- 101 (1) Sub-paragraph (2) applies if—
- (a) a person is entitled to a writing-down allowance or a balancing allowance or liable to a balancing charge in respect of qualifying expenditure, and
 - (b) the trade use condition is met.
- (2) The allowance or charge is to be given effect in calculating the profits of that person's trade, by treating—
- (a) the allowance as an expense of the trade, and
 - (b) the charge as a receipt of the trade.
- (3) Sub-paragraph (4) applies if—
- (a) a person is entitled to a writing-down allowance or a balancing allowance or liable to a balancing charge in respect of qualifying expenditure, and
 - (b) the trade use condition is not met.
- (4) Sections 479 and 480 apply in relation to giving effect to the allowance or charge referred to in sub-paragraph (3) as they apply in relation to giving effect to an allowance or charge under Chapter 3 of Part 8 in respect of qualifying non-trade expenditure.
- (5) For the purposes of Part 8 a person's "income from patents" includes balancing charges to which the person is liable in respect of qualifying expenditure.

Supplementary provisions

Limit on qualifying expenditure

- 102 Section 481 does not apply to expenditure incurred before 1st April 1986, and subsections (5) and (6) of that section do not apply to expenditure incurred before 27th July 1989.

PART 10 U.K.

DREDGING ALLOWANCES

Writing-down allowances

- 103 (1) Section 487(2) applies with the substitution of " 50 years " for "25 years" in the case of expenditure incurred before 6th November 1962.
- (2) Section 487(3) applies with the substitution of " 2% " for "4%" in the case of expenditure incurred before 6th November 1962.

Balancing allowances

- 104 The reference in section 488(1)(d) to allowances previously made in respect of the expenditure—
- (a) includes any initial allowance made in respect of it under section 17 of FA 1956 or section 67 of CAA 1968, and

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- (b) except in relation to initial allowances, is to be construed as if section 17 of FA 1956 had always had effect (instead of having effect only for chargeable periods after the year 1955-56).

The writing-down period

105 (1) This paragraph applies where it is provided under Part 9 that writing-down allowances are to be made in respect of any expenditure during a writing-down period of any specified length.

- (2) If allowances were made under paragraph 27(2) of Schedule 14 to [F115FA] 1965—
- (a) for income tax purposes, for either of the tax years 1964-65 and 1965-66, and
 - (b) for accounting periods of a company falling wholly or partly within either of those years,

the periods for which allowances were made are added together in calculating the writing-down period, even though (according to the calendar) the same time is counted twice.

Textual Amendments

F115 Word in [Sch. 3 para. 105\(2\)](#) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(5\)\(a\)](#)

PART 11 U.K.

CONTRIBUTIONS

Regional development grants

- 106 (1) Section 534(1) applies as if a grant falling within that subsection included—
- (a) a grant made under Part II of the Industrial Development Act 1982 (c. 52) on an application made before 1st April 1988;
 - (b) a grant made under Part I of the Industry Act 1972 (c. 63), or a grant made under Northern Ireland legislation and declared by the Treasury to correspond to a grant under that Part.
- (2) Section 534(2) does not apply if the expenditure was incurred, or the grant was paid, before 10th March 1982.

Contributions not made by public bodies and not eligible for tax relief

- 107 Section 536 applies with the omission of subsection (3)(b) in relation to contributions made before 27th July 1989.

Conditions for allowances

- 108 In section 536(5), as it applies for the purposes of section 537(2), paragraphs (a)(iv) and (b) do not apply in relation to contributions made before 27th July 1989.

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Agricultural buildings

109 Section 538(2)(b)(ii) applies in relation to contributions made before 6th April 1990 with the omission of “or to allocate the expenditure to a pool under Part 2”.

F116 110

Textual Amendments

F116 Sch. 3 para. 110 omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 20\(b\)](#)

PART 12 U.K.

SUPPLEMENTAL

Transfer of insurance company business

111 Section 560 applies with—
(a) the substitution for subsection (1) of—

“(1) This section applies if assets are transferred as part of, or in connection with, a transfer of the whole or part of the long term business of an insurance company to another company in accordance with a scheme sanctioned by a court under section 49 of the Insurance Companies Act 1982.”;

and

(b) the omission of subsection (2),
in relation to transfers sanctioned or authorised before 1st July 1994.

Election regarding sale consideration

112 (1) In relation to a transfer to which this paragraph applies, section 569(3) applies with the substitution for paragraph (a) of—

“(a) any of the parties is not resident in the United Kingdom at the time of the transfer and the circumstances are not at that time such that a relevant allowance or charge falls or might fall to be made to or on that party as a result of the transfer;”.

(2) This paragraph applies to—

- (a) a transfer before 16th March 1993;
- (b) a transfer in pursuance of a contract entered into before that date; and
- (c) a transfer in pursuance of a contract entered into for the purpose of securing that obligations under a contract entered into before that date are complied with.

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PART 13 U.K.

OTHER ENACTMENTS

113 (1) Subsections (2) and (3) of section 578A of ICTA (expenditure on car hire) apply with the substitution of “ £8,000 ” for “£12,000” in relation to expenditure incurred under a contract entered into before 11th March 1992.

(2) Subsection (4) of that section does not apply in relation to rebates made or transactions occurring before 29th April 1996.

^{F117}114

Textual Amendments

F117 Sch. 3 para. 114 repealed (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 3](#) (with [Sch. 2](#))

115 The repeals made by CAA 1990 do not have effect in relation to capital expenditure—

- (a) which was not eligible expenditure within the meaning of section 39 of FA 1976 (which brought expenditure previously not within Chapter I of Part III of FA 1971 within that Chapter but with certain exceptions), and
- (b) which was incurred in a chargeable period ending before 6th April 1976.

116 (1) Sections 40A to 40D of F(No.2)A 1992 (films) apply with the necessary modifications in relation to—

- (a) expenditure on the production of a film—
 - (i) completed before 21st March 2000, or
 - (ii) completed on or after that date, if the first day of principal photography is before that date, unless the person incurring the expenditure elects that those modifications should not apply;
- (b) expenditure on the acquisition of a film, tape or disc incurred before 6th April 2000.

(2) The necessary modifications are—

- (a) the substitution for section 40A(1) of—

“(1) Expenditure which—

- (a) is incurred on the production or acquisition of a film, tape or disc, and
- (b) would, apart from this subsection, constitute capital expenditure on the provision of plant or machinery for the purposes of Part 2 of the Capital Allowances Act,

is to be regarded for the purposes of the Tax Acts as expenditure of a revenue nature unless an election under section 40D below has effect with respect to it.”;

- (b) in section 40A(2), the substitution of “ the production or acquisition of a film, tape or disc ” for “the [^{F118}original master] version of a film” and of “ of the film, tape or disc ” for “of the [^{F118}original master] version”;

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- (c) in section 40A(3), the substitution of “ [F119]a film,] tape or disc ” for “[F120]the original master] version of a film” and of “ the film, tape or disc ” for “the [F121]original master] version” (in both places);
- (d) the [F122]insertion after section 40A(4)] of—
- “(5) In this section and sections 40B to 40D below—
- (a) any reference to a film is a reference to an original master negative of the film and its soundtrack, if any;
- (b) any reference to a tape is a reference to an original master film tape or original master audio tape; and
- (c) any reference to a disc is a reference to an original master film disc or original master audio disc;
- and any reference to the acquisition of a film, tape or disc includes a reference to the acquisition of any description of rights in a film, tape or disc.”;
- (e) in section 40B(1), the substitution of “ films, tapes or discs ” for “[F123]original master] versions of films” and of “ [F124]a film,] tape or disc ” for “[F125]the original master] version of a film”;
- (f) in section 40B(4), the substitution of “ film, tape or disc ” for “[F126]original master] version of the film” and of “ film, tape or disc ” for “[F126]original master] version”;
- (g) in section 40B(5), the substitution of “ film, tape or disc ” for “[F126]original master] version of the film”;
- (h) in section 40C(1), the substitution of “ film, tape or disc ” for “[F126]original master] version of the film”;
- (i) in section 40C(2), the substitution of “ film, tape or disc ” for “[F126]original master] version of the film”;
- (j) in section 40D(2), the substitution of “ films, tapes or discs ” [F127]for “original master versions of films”, of a “ film, tape or disc ” for “the original master version of a film” and of “ film, tape or disc ” for “original master version” (in both places);”]
- (k) in section 40D(3), the substitution of “ film, tape or disc ” for “[F128]original master] version”;
- (l) in section 40D(4), the substitution of “ film, tape or disc ” for “[F128]original master] version of the film” (in both places);
- (m) in section 40D(6), the substitution of “ a film, tape or disc ” for “the [F128]original master] version of a film” and of “ of the film, tape or disc ” for “of the [F128]original master] version”; and
- (n) in section 40D(7), the substitution of “[F129]a film,] tape or disc ” for “[F130]the original master] version of a film”.
- (3) An election under sub-paragraph (1)(a) is irrevocable.
- (4) For the purposes of sub-paragraph (1)(a) a film is completed at the time when it is first in a form in which it can reasonably be regarded as ready for copies of it to be made and distributed for presentation to the general public.
- (5) In sub-paragraph (1)(b)—

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- (a) “film” means an original master negative of the film and its soundtrack, if any;
 - (b) “tape” means an original master film tape or original master audio tape; and
 - (c) “disc” means an original master film disc or original master audio disc;
- and the acquisition of a film, tape or disc includes the acquisition of any description of rights in a film, tape or disc.

Textual Amendments

- F118** Words in Sch. 3 para. 116(2)(b) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(2\), 31\(3\)](#)
- F119** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(3\)\(a\), 31\(3\)](#)
- F120** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(3\)\(b\), 31\(3\)](#)
- F121** Words in Sch. 3 para. 116(2)(c) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(3\)\(c\), 31\(3\)](#)
- F122** Words in Sch. 3 para. 116(2)(d) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(4\), 31\(3\)](#)
- F123** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(5\)\(a\), 31\(3\)](#)
- F124** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(5\)\(b\), 31\(3\)](#)
- F125** Words in Sch. 3 para. 116(2)(e) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(5\)\(c\), 31\(3\)](#)
- F126** Words in Sch. 3 para. 116(2)(f)-(i) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(6\), 31\(3\)](#)
- F127** Words in Sch. 3 para. 116(2)(j) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(7\), 31\(3\)](#)
- F128** Words in Sch. 3 para. 116(2)(k)-(m) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(8\), 31\(3\)](#)
- F129** Words in Sch. 3 para. 116(2)(n) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(9\)\(a\), 31\(3\)](#)
- F130** Words in Sch. 3 para. 116(2)(n) substituted (2.12.2004 retrospective) by [Finance Act 2005 \(c. 7\), Sch. 3 paras. 27\(9\)\(b\), 31\(3\)](#)

- 117 Section 40D of F(No.2)A 1992 (election relating to tax treatment of films expenditure) applies with the omission of—
- (a) paragraph (a) of subsection (1); and
 - (b) subsections (3) to (7),
- if the film, tape or disc of the film was completed before 10th March 1992.

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Finance Act 1982 (c. 39)	Section 137(2), (3), (6) and (7).
London Regional Transport Act 1984 (c. 32)	In Schedule 5, paragraph 5(b) and the word “and” before it.
Income and Corporation Taxes Act 1988 (c. 1)	<p>In sections 65A(7) and 70A(6) the words “and section 29 of the 1990 Act (provisions relating to furnished holiday accommodation)”.</p> <p>In section 83A, in subsection (2), paragraph (b) and the word “or” before it and in subsection (3), paragraph (b) and the word “and” before it.</p> <p>In section 84, in subsection (1), paragraph (b) and the word “or” before it and in subsection (3), paragraph (b) and the word “and” before it.</p> <p>In section 117, in subsection (1), the words “or allowed” (in each place), “or section 141 of the 1990 Act”, paragraph (b) and the word “or” before it, and, in subsection (2), in the definition of “the aggregate amount”, the words “or allowed”, “or section 141 of the 1990 Act”, paragraph (b) and the word “or” before it.</p> <p>In section 118, in subsection (1) the words “or allowed” (in each place), “or section 145 of the 1990 Act”, paragraph (b) and the word “or” before it, and, in subsection (2), in the definition of “the aggregate amount”, the words “or allowed”, “or section 145 of the 1990 Act”, and paragraph (b) and the word “or” before it.</p> <p>In section 198(2), the words “and Part II of the 1990 Act (capital allowances in respect of machinery and plant)”.</p> <p>In section 384(10), the words following paragraph (b).</p> <p>Section 393A(5) and (6).</p> <p>In section 397, in subsection (5), the definition of “basis year” and, in the definition of “chargeable period”, the words from “or any basis period” to the end of the definition; and subsection (6).</p> <p>In section 411(10) the words “Without prejudice to the provisions of section 161(5) of the 1990 Act”.</p> <p>Sections 434D and 434E.</p>

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	Sections 520 to 523.
Income and Corporation Taxes Act 1988 (c. 1) —cont.	Section 528(1) and (4).
	Section 530.
	In section 531, in subsection (3), the words following paragraph (b) and in subsection (7) the words “and section 530(1) and (6)”.
	In section 533(1), in paragraph (b) of the definition of “income from patents”, the words “520(6), 523(3),” and the definition of “the commencement of the patent”.
	In section 577, in subsection (1), paragraph (c) and the word “and” before it, in subsection (7)(a) the words “, or to the use of an asset for,” (in both places) and in subsection (10) the words “, or any claim for capital allowances in respect of the use of an asset for,”.
	In section 834(2), the words “and also for sections 144 and 145 of the 1990 Act”.
	In Schedule 19AC, paragraph 9C.
Finance Act 1989 (c. 26)	Section 121.
	In Schedule 13, paragraph 27.
Capital Allowances Act 1990 (c. 1)	The whole Act.
Finance Act 1990 (c. 29)	Sections 60, 87 and 103.
	In Schedule 7, paragraph 9.
	In Schedule 9, paragraph 5.
	In Schedule 13, paragraphs 1 to 6.
	Schedule 17.
Finance Act 1991 (c. 31)	Sections 59 to 61.
	Schedule 14.
	In Schedule 15, paragraph 28.
Disability Living Allowance and Disability Working Allowance Act 1991 (c. 21)	In Schedule 2, paragraphs 20 and 21.
Water (Consolidation) (Consequential Provisions) Act 1991 (c. 60)	In Schedule 1, paragraph 53.
Social Security Contributions and Benefits Act 1992 (c. 4)	In Schedule 2, paragraph 1(b) and, in paragraph 2, the words from “subject to deduction” to the end.
Social Security (Consequential Provisions) Act 1992 (c. 6)	In Schedule 2, paragraph 109.

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Social Security Contributions and Benefits (Northern Ireland) Act 1992 (c. 7)	In Schedule 2, paragraph 1(b) and, in paragraph 2, the words from “subject to deduction” to the end.
Social Security (Consequential Provisions) (Northern Ireland) Act 1992 (c. 9)	In Schedule 2, paragraph 38.
Taxation of Chargeable Gains Act 1992 (c. 12)	In section 195, in subsection (3), the words from “and “basis year”” to the end, subsection (5) and in subsection (6), paragraph (b) and the word “and” before it. In section 288(1), the definition of “the 1990 Act”. In Schedule 10, paragraph 21.
Finance (No. 2) Act 1992 (c. 48)	In section 43(1), the definition of “the 1990 Act”. Sections 67 to 71. Schedule 13. In Schedule 17, in paragraph 5(5), paragraph (c) and the word “and” before it.
Finance Act 1993 (c. 34)	Sections 113 to 117. Schedules 12 and 13.
Finance Act 1994 (c. 9)	Sections 117, 118(6)(a), 119(1), 120 and 121. Sections 211(1) and 212 to 213. Section 214(4) to (6). In Schedule 24, in paragraph 1(1), the definition of “the Allowances Act”. In Schedule 25, in paragraph 5(3), the definition of “the 1990 Act”.
Value Added Tax Act 1994 (c. 23)	In Schedule 14, paragraph 11.
Finance Act 1995 (c. 4)	Sections 94 to 101. In Schedule 8, paragraphs 23(1) and 24. In Schedule 9, paragraph 3.
Finance Act 1996 (c. 8)	Sections 135(3) to (5), 179 and 180. In Schedule 20, paragraph 44. In Schedule 21, paragraphs 26 to 34. Schedule 35. In Schedule 39, paragraph 1(1), (3) and (4).
Broadcasting Act 1996 (c. 55)	In Schedule 7, in paragraph 1(1), the definition of “the Allowances Act” and in paragraph 13(1), in the heading the words “and structures”.

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Planning (Consequential Provisions) (Scotland) Act 1997 (c. 11)	In Schedule 2, paragraph 45.
Finance Act 1997 (c. 16)	Sections 66(2) and (5), 84 and 86. In Schedule 12, in paragraph 11, in sub-paragraph (8) the words “or its basis period” and sub-paragraph (15). Schedule 14. In Schedule 15, paragraphs 3, 4, 5(3), 7, 8 and (9)(2). Schedule 16.
Finance (No. 2) Act 1997 (c. 58)	Sections 42 to 47.
Social Security Act 1998 (c. 14)	Section 59(2).
Petroleum Act 1998 (c. 17)	In Schedule 4, paragraph 27.
Finance Act 1998 (c. 36)	Sections 83 to 85.
Finance Act 1998 (c. 36)—cont.	In Schedule 5, paragraphs 40 and 47 to 61. In Schedule 7, in paragraph 1 the word “528(1)(a)” and paragraph 4.
Finance Act 1999 (c. 16)	Sections 50(2), 77 and 78. In Schedule 5, paragraph 2(3). In Schedule 11, paragraphs 4 to 8.
Greater London Authority Act 1999 (c. 29)	In Schedule 33, paragraph 12(1)(a).
Finance Act 2000 (c. 17)	Sections 70 to 72. Section 75(1) to (3), (5) and (6)(b) and (c). Section 76(1). Section 77. Section 79. Sections 80 and 81. Section 113. In Schedule 19, paragraphs 7 to 11. In Schedule 22, in paragraph 84(1) the words “or structure”.
Transport Act 2000 (c. 38)	In Schedule 26, in paragraph 1(1), the definition of “the 1990 Act”.

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Changes and effects yet to be applied to :

- s. 29(2)-(6) repealed by [S.I. 2006/1254 \(N.I.\) Sch. 3 para. 24\(a\)](#)[Sch. 4 \(S. 29 was repealed before this effect came into force.\)](#)
- s. 59(4) words substituted by [2022 c. 3 Sch. 1 para. 34\(2\)](#)
- s. 59(8)(b) words omitted by [2022 c. 3 Sch. 1 para. 34\(3\)\(a\)](#)
- s. 59(8)(b) words substituted by [2022 c. 3 Sch. 1 para. 34\(3\)\(b\)](#)
- s. 201(6) words inserted by [2017 c. 32 Sch. 14 para. 33](#)
- s. 268D(2)(a) repealed by [S.I. 2015/2006 \(N.I.\) Sch. 12 Pt. 8](#)
- s. 268D(2)(a)(i) repealed by [2012 c. 5 Sch. 14 Pt. 9](#)
- s. 419A(1) words substituted by [2022 c. 3 Sch. 1 para. 35](#)
- s. 461A(1) words substituted by [2022 c. 3 Sch. 1 para. 36](#)
- s. 475A(1) words substituted by [2022 c. 3 Sch. 1 para. 37](#)
- Sch. A1 para. 17(1)(b) word inserted by [2012 c. 5 Sch. 3 para. 14](#) (Sch. A1 is repealed by Finance Act 2019 (c. 1), s. 33(1)(c))
- Sch. A1 para. 17(1)(a) words repealed by [2012 c. 5 Sch. 14 Pt. 1](#) (Sch. A1 is repealed by Finance Act 2019 (c. 1), s. 33(1)(c))
- Sch. A1 para. 17(1)(b) words repealed by [2012 c. 5 Sch. 14 Pt. 1](#) (Sch. A1 is repealed by Finance Act 2019 (c. 1), s. 33(1)(c))

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 29(1A) inserted by [S.I. 2006/1254 \(N.I.\) Sch. 3 para. 24\(b\)](#) (S. 29 was repealed before this effect came into force.)
- s. 774E(5)(b) words omitted by [2008 c. 9 Sch. 20 para. 12\(11\)](#)