

*These notes refer to the Capital Allowances Act 2001  
(c.2) which received Royal Assent on 22nd March 2001*

# CAPITAL ALLOWANCES ACT 2001

---

## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Glossary*

#### **Part 2: Plant and machinery allowances**

#### *Chapter 12: Ships*

#### *Section 140: Notice attributing deferred amounts to new expenditure*

540. This section is based on section 33A(5), (5A), (6) and (8) of CAA 1990. It provides the basic conditions that need to be met for a deferred amount to be attributed to expenditure on new shipping.
541. If a deferred amount is not attributed to expenditure on new shipping, then section 144 provides that it ceases to qualify for deferral.
542. *Subsection (1)* provides that the shipowner must give a notice to the Inland Revenue attributing a deferred amount to the new expenditure.
543. *Subsection (2)* makes it clear that an attribution matches a deferred amount with an equal amount of new expenditure.
544. *Subsection (3)* ensures that the rule in subsection (1) is subject to the following two subsections and to the “first-in first-out” rule in section 141.
545. *Subsection (4)* requires the expenditure to be incurred in the six years beginning with the relevant disposal event. For example, if the balancing charge arising relates to the disposal of a ship on 29 November 2001, the expenditure on new shipping must be incurred by 28 November 2007. The expenditure must be incurred by the shipowner or a company within the same group.
546. *Subsection (5)* ensures that the total attributed to new expenditure may not exceed the amount of the new expenditure.
547. *Section 577* defines “notice”.