



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

ANTI-AVOIDANCE

Miscellaneous and supplementary

229 Hire-purchase etc.

- (1) This section applies if—
 - (a) a person carrying on a qualifying activity incurs capital expenditure on the provision of plant or machinery for the purposes of the qualifying activity, and
 - (b) the expenditure is incurred under a contract providing that the person shall or may become the owner of the plant or machinery on the performance of the contract.
- (2) If—
 - (a) the person assigns the benefit of the contract to another before the plant or machinery is brought into use, and
 - (b) the circumstances are such that allowances to the assignee fall to be restricted under this Chapter,section 68(3) (disposal value where person ceases to be entitled to benefit of contract before plant or machinery brought into use) does not apply.
- (3) If the expenditure is incurred on the provision of plant or machinery for leasing under a finance lease—
 - (a) section 67(3) (expenditure due to be incurred under contract treated as incurred when plant or machinery brought into use), and

Status: This is the original version (as it was originally enacted).

- (b) section 68 (disposal values where person ceases to be entitled to benefit of contract),
do not apply.
- (4) Subsection (5) applies if—
 - (a) a person is treated under section 67(4) as ceasing to own plant or machinery,
and
 - (b) as a result of subsection (2) or (3), section 68(3) or (as the case may be) section 68 does not apply.
- (5) If this subsection applies—
 - (a) the disposal value is the total of—
 - (i) any relevant capital sums, and
 - (ii) any capital expenditure that the person would have incurred if he had wholly performed the contract, but
 - (b) the person is to be treated, for the purpose only of bringing the disposal value into account, as having incurred the capital expenditure mentioned in paragraph (a)(ii) in the relevant chargeable period.
- (6) “Relevant capital sums” means capital sums that the person receives or is entitled to receive by way of consideration, compensation, damages or insurance money in respect of—
 - (a) his rights under the contract, or
 - (b) the plant or machinery.
- (7) The relevant chargeable period, for the purposes of subsection (5)(b), is the chargeable period in which the person is treated under section 67(4) as ceasing to own the plant or machinery.