



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 20

SUPPLEMENTARY PROVISIONS

Partnerships and successions

263 Qualifying activities carried on in partnership

(1) This section applies if—

- (a) a qualifying activity has been set up and is at any time carried on in partnership,
- (b) there has been a change in the persons engaged in carrying on the qualifying activity, and
- [^{F1}(c) if the qualifying activity is a trade or property business, the condition in subsection (1A) or (1B) (whichever is appropriate) is met.]

[^{F2}(1A) For income tax purposes, the condition is that a person carrying on the trade or property business immediately before the change continues to carry it on after the change.

(1B) For corporation tax purposes, the condition is that a company carrying on the trade or property business in partnership immediately before the change continues to carry it on in partnership after the change.]

(2) In this section—

“the present partners” means the person or persons for the time being carrying on the qualifying activity,

“the partners at the time of the event” means the person or persons carrying on the qualifying activity at the time of the event in question,

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 263. (See end of Document for details)

- “predecessors”—
- (a) in relation to the present partners, means their predecessors in carrying on the qualifying activity, and
 - (b) in relation to the partners at the time of the event, means their predecessors in carrying on the qualifying activity, and
- “qualifying activity”—
- (a) does not include an employment or office, but
 - (b) includes any other activity listed in section 15(1) even if any profits or gains from it are not chargeable to tax.
- (3) Any [^{F3}annual investment allowance,] first-year allowance or writing-down allowance under this Part is to be made to the present partners.
- (4) The amount of any allowance arising under subsection (3) is to be calculated as if—
- (a) the present partners had at all times been carrying on the qualifying activity, and
 - (b) everything done to or by their predecessors in carrying on the qualifying activity had been done to or by the present partners.
- (5) If any event occurs which gives rise or may give rise to a balancing allowance or a balancing charge under this Part, the allowance or charge is to be made to or on the partners at the time of the event.
- (6) The amount of any allowance or charge arising under subsection (5) is to be calculated as if—
- (a) the partners at the time of the event had at all times been carrying on the qualifying activity, and
 - (b) everything done to or by their predecessors in carrying on the qualifying activity had been done to or by the partners at the time of the event.

Textual Amendments

- F1** S. 263(1)(c) 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. 495\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F2** S. 263(1A)(1B) substituted for s. 263(1A) (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. 495\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F3** Words in s. 263(3) inserted (with effect in accordance with [Sch. 24 para. 23](#) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 24 para. 13](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 263.