



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

### CHAPTER 6

#### HIRE-PURCHASE ETC. AND PLANT OR MACHINERY PROVIDED BY LESSEE

##### *Hire-purchase and similar contracts*

#### **68 Disposal value on cessation of notional ownership**

- (1) This section applies if a person—
  - (a) is treated under section 67(4) as ceasing to own plant or machinery, and
  - (b) is required to bring a disposal value into account as a result.
- (2) If the plant or machinery has been brought into use for the purposes of the qualifying activity before the person ceases to own the plant or machinery, the disposal value is the total of—
  - (a) any relevant capital sums, and
  - (b) any capital expenditure treated under section 67(3) as having been incurred when the plant or machinery was brought into use but which has not in fact been incurred.
- (3) If the plant or machinery has not been brought into use for the purposes of the qualifying activity before the person ceases to own the plant or machinery, the disposal value is the total of any relevant capital sums.
- (4) “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.

(5) This section is subject to section 229 (anti-avoidance).