



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 9

SHORT-LIFE ASSETS

89 Disposal to connected person

- (1) This section applies if, at any time before the [^{F1}relevant] cut-off, a person (“the transferor”) disposes of a short-life asset to a connected person.
- (2) Subject to subsection (6)—
 - (a) the transferor is to be treated as having sold the short-life asset to the connected person for an amount equal to the available qualifying expenditure in the short-life asset pool for the chargeable period in which the disposal occurs, and
 - (b) the connected person is to be treated as having incurred qualifying expenditure of the same amount in buying the short-life asset.
- (3) Subject to subsection (6)—
 - (a) sections 217 and 218 (restrictions on first-year and other allowances in the case of certain transactions between connected persons, to obtain a tax advantage etc.), and
 - (b) [^{F2}section] 225 (further restrictions in the case of sale and finance leaseback), do not apply to the disposal.
- (4) Immediately after the disposal of the short-life asset, the connected person is to be taken to have made an election under section 83 (so that the plant or machinery is a short-life asset in his hands).

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 89. (See end of Document for details)

- (5) In relation to the connected person, “the [F³relevant] cut-off” means the date that would have been the [F³relevant] cut-off in relation to the transferor.
- (6) Subsections (2) and (3) apply in relation to a disposal only if—
- (a) the transferor, and
 - (b) the connected person,
- elect that they should apply.
- (7) An election under subsection (6) must be made by notice given to [F⁴an officer of Revenue and Customs] no later than 2 years after the end of the chargeable period in which the disposal occurred.

Textual Amendments

- F1** Word in s. 89(1) substituted (19.7.2011) by [Finance Act 2011 \(c. 11\), s. 12\(5\)](#)
- F2** Word in s. 89(3)(b) substituted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 20 para. 6\(7\)](#)
- F3** Word in s. 89(5) substituted (19.7.2011) by [Finance Act 2011 \(c. 11\), s. 12\(5\)](#)
- F4** 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)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 89.