
Changes to legislation: Finance Act 2008, Part 2 is up to date with all changes known to be in force on or before 11 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) [View outstanding changes](#)

SCHEDULES

SCHEDULE 26

SPECIAL RATE EXPENDITURE AND THE SPECIAL RATE POOL

PART 2

COMMENCEMENT ETC

Commencement

- 14 (1) This Schedule has effect in relation to—
- (a) expenditure incurred on or after the relevant date, and
 - (b) long-life asset expenditure (within the meaning of Chapter 10 of CAA 2001) incurred before the relevant date but allocated to a pool in a chargeable period beginning on or after that date.
- (2) Sub-paragraph (1) is subject to—
- (a) section 83 (which provides that certain other long-life asset expenditure is to be treated as special rate expenditure for the purposes of CAA 2001), and
 - (b) paragraphs 15 to 17.
- (3) The relevant date is—
- (a) for corporation tax purposes, 1 April 2008, and
 - (b) for income tax purposes, 6 April 2008.

Sale between connected persons

- 15 (1) This paragraph applies where, on or after the relevant date—
- (a) there is a sale of a pre-commencement integral feature,
 - (b) the buyer and seller are connected persons (within the meaning of section 575 of CAA 2001), and
 - (c) the buyer's expenditure on the integral feature would (apart from this paragraph) be special rate expenditure.
- (2) An integral feature is a pre-commencement integral feature if the seller—
- (a) incurred expenditure on it before the relevant date, or
 - (b) incurred expenditure on it on or after that date which was not qualifying expenditure because of a previous application of this paragraph.
- (3) The buyer's expenditure on the integral feature is not qualifying expenditure unless—
- (a) the original expenditure was qualifying expenditure, or
 - (b) the buyer's expenditure would have been qualifying expenditure, had it been incurred at the time the original expenditure was incurred.

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- (4) The “original expenditure”—
 - (a) where the integral feature is a pre-commencement integral feature because of sub-paragraph (2)(a), is the expenditure mentioned in that sub-paragraph, and
 - (b) otherwise, is the expenditure incurred on the integral feature before the relevant date by virtue of which this paragraph first applied.
- (5) The “relevant date” has the same meaning as in paragraph 14.

Saving for intra-group transfers

- 16 (1) This paragraph applies where, on or after the relevant date—
 - (a) there is a sale of a pre-commencement integral feature,
 - (b) the buyer and seller are companies which are members of the same group, and
 - (c) the buyer's expenditure on the integral feature would (apart from this paragraph) be special rate expenditure.
- (2) An integral feature is a pre-commencement integral feature if qualifying expenditure on it—
 - (a) was incurred by the seller before the relevant date and allocated to the seller's main pool, or
 - (b) was incurred by the seller on or after that date and allocated to the seller's main pool because of a previous election under this paragraph.
- (3) The buyer and seller may jointly elect for paragraph 17 to apply.
- (4) The election must be made by notice to an officer of Revenue and Customs within 2 years after the date on which the sale takes place.
- (5) All such assessments and adjustments of assessments are to be made as are necessary to give effect to the election.
- (6) Whether the buyer and seller are members of the same group is to be determined in accordance with section 170(3) to (6) of TCGA 1992.
- (7) The “relevant date” has the same meaning as in paragraph 14.
- 17 (1) Where this paragraph applies, for the purposes of making allowances and charges under Part 2 of CAA 2001—
 - (a) the integral feature is treated as having been sold by the seller to the buyer at a price which gives rise to neither a balancing allowance nor a balancing charge, and
 - (b) the buyer's expenditure on the integral feature is treated as qualifying expenditure which is not special rate expenditure (and, if allocated to a pool, is to be allocated to the buyer's main pool).
- (2) Allowances and charges are to be made under Part 2 of CAA 2001 to or on the buyer as if everything done to or by the seller had been done to or by the buyer.

Interpretation

- 18 Expressions used in this Part of this Schedule and in Part 2 of CAA 2001 have the same meaning in this Part of this Schedule as in that Part of that Act.

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Blanket amendment words substituted by [S.I. 2011/1043 art. 34](#)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 41 para. 6(1A) inserted by [2015 c. 11 Sch. 20 para. 10\(2\)](#)
- Sch. 41 para. 6A(A1)(1) substituted for Sch. 41 para. 6A(1) by [2015 c. 11 Sch. 20 para. 11\(2\)](#)