



Finance Act 2011

2011 CHAPTER 11

PART 1

CHARGES, RATES, ALLOWANCES ETC

Capital allowances

10 Plant and machinery writing-down allowances

- (1) Part 2 of CAA 2001 (plant and machinery allowances) is amended as follows.
- (2) In section 56 (amount of allowances and charges), in subsection (1) for “20%” substitute “18%”.
- (3) In section 104D (writing-down allowances: special rate expenditure)—
 - (a) in subsection (1) for “10%” substitute “8%”, and
 - (b) after that subsection insert—

“(1A) But, in relation to special rate expenditure incurred wholly for the purposes of a ring fence trade in respect of which tax is chargeable under section 330(1) of CTA 2010 (supplementary charge in respect of ring fence trades), the amount of the writing-down allowance to which a person is entitled for a chargeable period is 10% of the amount by which AQE exceeds TDR.”
- (4) Accordingly—
 - (a) in the heading for section 104D, after “at” insert “8% or”, and
 - (b) in sections 56(2)(a) and 104E(1)(a), before “10%” insert “8% or”.
- (5) Part 10 of Schedule 22 to FA 2000 (companies within tonnage tax: capital allowances in respect of ship leasing), as it has effect (by virtue of section 57(9) of this Act) in relation to expenditure incurred before 1 January 2011, is amended as follows.
- (6) In each of the following provisions, for “20%” (in each place) substitute “18%”
 - (a) paragraph 94(3)(a) and (4),

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- (b) paragraph 95(4),
 - (c) paragraph 97(2) and (3),
 - (d) paragraph 98(8), and
 - (e) paragraph 99(2) and (5).
- (7) In each of the following provisions, for “10%” substitute “ 8% ”
- (a) paragraph 94(3)(b) and (4),
 - (b) paragraph 95(4),
 - (c) paragraph 97(2), (3) and (4),
 - (d) paragraph 98(8), and
 - (e) paragraph 99(2).
- (8) The amendments made by this section have effect in relation to—
- (a) chargeable periods beginning on or after the relevant day, and
 - (b) chargeable periods beginning before, and ending on or after, the relevant day.
- (9) But in respect of a chargeable period within subsection (8)(b), they have effect as if—
- (a) in section 56(1) of CAA 2001 and the provisions of Schedule 22 to FA 2000 mentioned in subsection (6), references to 18% were references to X%, and
 - (b) in section 104D(1) of CAA 2001 and the provisions of Schedule 22 to FA 2000 mentioned in subsection (7), references to 8% were references to Y%.
- (10) For the purposes of subsection (9)—

$$X = \left(20 \frac{\text{BRD}}{\text{CP}} \right) + \left(18 \frac{\text{ARD}}{\text{CP}} \right)$$

$$Y = \left(10 \frac{\text{BRD}}{\text{CP}} \right) + \left(8 \frac{\text{ARD}}{\text{CP}} \right)$$

- (11) Where X or Y would be a figure with more than 2 decimal places, it is to be rounded up to the nearest second decimal place.
- (12) In subsection (10)—
- BRD is the number of days in the chargeable period before the relevant day,
 - ARD is the number of days in the chargeable period on and after the relevant day, and
 - CP is the number of days in the chargeable period.
- (13) The relevant day is—
- (a) for corporation tax purposes, 1 April 2012, and
 - (b) for income tax purposes, 6 April 2012.

11 Annual investment allowance

- (1) Section 51A of CAA 2001 (entitlement to annual investment allowance) is amended as follows.
- (2) In subsection (5) (maximum allowance), for “£100,000” substitute “ £25,000 ”.

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- (3) In subsection (8) (power to amend maximum allowance), for “other” substitute “greater”.
- (4) The amendment made by subsection (2) has effect in relation to expenditure incurred on or after the relevant day.
- (5) Subsections (6) and (7) apply in relation to a chargeable period (“the actual chargeable period”) which—
 - (a) begins before the relevant day, and
 - (b) ends on or after that day.
- (6) The maximum allowance under section 51A of CAA 2001 for the actual chargeable period is the sum of each maximum allowance that would be found if—
 - (a) the period beginning with the first day of the chargeable period and ending with the day before the relevant day, and
 - (b) the period beginning with the relevant day and ending with the last day of the chargeable period,were treated as separate chargeable periods.
- (7) But, so far as concerns expenditure incurred on or after the relevant day, the maximum allowance under section 51A of CAA 2001 for the actual chargeable period is the maximum allowance, calculated in accordance with subsection (6), for the period mentioned in paragraph (b) of that subsection.
- (8) Subsections (6) and (7) are also to apply for the purpose of determining the maximum allowance under section 51K of CAA 2001 (operation of annual investment allowance where restrictions apply) in a case where one or more chargeable periods in which the relevant AIA qualifying expenditure is incurred are chargeable periods within subsection (5), but the modifications in subsections (9) to (11) are to apply.
- (9) There is to be taken into account for the purpose mentioned in subsection (8) only chargeable periods of one year or less (whether or not they are chargeable periods within subsection (5)), and if there is more than one such period, only that period which gives rise to the greatest maximum allowance.
- (10) For the purposes of subsection (9) any chargeable period—
 - (a) which is longer than a year, and
 - (b) which ends in the tax year 2012-13,is to be treated as being a chargeable period of one year ending at the same time as it actually ends.
- ^{F1}(11)
- (12) Nothing in subsections (8) to (11) affects the operation of sections 51M and 51N of that Act.
- (13) In this section “the relevant day” means—
 - (a) for corporation tax purposes, 1 April 2012, and
 - (b) for income tax purposes, 6 April 2012.

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Textual Amendments

F1 S. 11(11) repealed (17.7.2013) by Finance Act 2013 (c. 29), Sch. 1 para. 5(4) (with Sch. 1 para. 5(5)(6))

12 Short-life assets

- (1) Part 2 of CAA 2001 (plant and machinery allowances) is amended as follows.
- (2) In section 86 (short-life asset pool)—
- (a) in subsection (2), for “four-year” (in each place) substitute “ relevant ”,
 - (b) for subsection (3) substitute—
 - “(3) In this Chapter “the relevant cut-off” means—
 - (a) if any of the qualifying expenditure incurred on the provision of the short-life asset was incurred before the designated day, the fourth anniversary of the end of the relevant chargeable period, and
 - (b) in any other case, the eighth anniversary of the end of the relevant chargeable period.
 - (3A) In subsection (3)—

“the designated day” means—

 - (a) for corporation tax purposes, 1 April 2011, and
 - (b) for income tax purposes, 6 April 2011;

“the relevant chargeable period” means—

 - (a) the chargeable period in which the qualifying expenditure was incurred on the provision of the short-life asset, or
 - (b) if the qualifying expenditure was incurred in different chargeable periods, the first chargeable period in which any of the qualifying expenditure was incurred.”, and
 - (c) in subsection (4), for “four-year” substitute “ relevant ”.
- (3) In section 65 (the final chargeable period), in subsection (3), for “four-year” substitute “ relevant ”.
- (4) In section 87 (short-life assets provided for leasing), in subsection (1)—
- (a) in paragraph (b), for “four-year” substitute “ relevant ”, and
 - (b) in paragraph (c), for “4 years” substitute “ 8 years ”.
- (5) In section 89 (disposal to connected person), in subsections (1) and (5), for “four-year” (in each place) substitute “ relevant ”.
- (6) In Schedule 1 (defined expressions)—
- (a) at the appropriate place insert—

“relevant cut-off (in Chapter 9 of Part 2)	section 86(3)”, and
(b) omit the entry for “four-year cut-off (in Chapter 9 of Part 2)”.	

Changes to legislation:

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

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

- Sch. 23 para. 45(1)(ia) inserted by [2017 c. 10 Sch. 11 para. 6\(3\)](#)
- Sch. 23 para. 2(1A) inserted by [S.I. 2019/397 reg. 2\(2\)](#) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by [S.I. 2019/397 reg. 2\(3\)](#) (This amendment not applied to legislation.gvo.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)