

SCHEDULES

SCHEDULE 14

FURNISHED HOLIDAY LETTINGS

PART 3

CAPITAL ALLOWANCES

CAA 2001

- 12 (1) CAA 2001 is amended as follows.
- (2) After section 13A (use for other purposes of plant or machinery previously used for long funding lease) insert—

“13B Use for other purposes of plant or machinery: property businesses

- (1) This section applies if a person who has been using plant or machinery for the purposes of a relevant qualifying activity—
- (a) ceases to use the plant or machinery for that purpose without ceasing to use it for the purposes of another relevant qualifying activity (“the other activity”) carried on by the person, and
 - (b) on the date of the cessation, owns the plant or machinery as a result of having incurred capital expenditure on its provision for the purposes of the other activity.
- (2) The person is to be treated—
- (a) as having incurred capital expenditure (“notional expenditure”) on the provision of the plant or machinery for the purposes of the other activity on the day after the cessation,
 - (b) as owning the plant or machinery as a result of having incurred that expenditure, and
 - (c) as if the plant or machinery on or after that day were different plant or machinery from the plant or machinery before that day.
- (3) Subject to subsection (4), the amount of the notional expenditure is the market value of the plant or machinery on the date of cessation.
- (4) If the market value is greater than the actual expenditure, the amount of the notional expenditure is the amount of the actual expenditure.
- (5) “Relevant qualifying activity” means—
- (a) ordinary UK property business or UK furnished holiday lettings business, or

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- (b) ordinary overseas property business or EEA furnished holiday lettings business,
(as the case may be).”
- (3) In section 15 (qualifying activities)—
- (a) in subsection (1)(b), after “ordinary” insert “UK”,
 - (b) in subsection (1)(c), for “furnished” substitute “UK furnished”,
 - (c) in subsection (1)(d), for “overseas” substitute “ordinary overseas”,
 - (d) after subsection (1)(d) insert—
 - “(da) an EEA furnished holiday lettings business,”,
 - (e) in subsection (3)(a), after “ordinary” insert “UK”, and
 - (f) in subsection (3)(b), for “overseas” substitute “ordinary overseas”.
- (4) In section 16 (ordinary property business)—
- (a) in the heading, after “**ordinary**” insert “**UK**”,
 - (b) after ““ordinary”” insert ““UK”, and
 - (c) for “furnished” substitute “UK furnished”.
- (5) In section 17 (furnished holiday lettings businesses)—
- (a) in the heading, for “**Furnished**” substitute “**UK furnished**”,
 - (b) in subsection (1), for ““furnished”” substitute ““UK furnished”, and
 - (c) in subsection (2), after “All” insert “such”.
- (6) After section 17 insert—

“17A Ordinary overseas property business

In this Part “ordinary overseas property business” means an overseas property business except in so far as it is an EEA furnished holiday lettings business.

17B EEA furnished holiday lettings businesses

- (1) In this Part “EEA furnished holiday lettings business” means an overseas property business which consists in, or so far as it consists in, the commercial letting of furnished holiday accommodation in one or more EEA states.
 - (2) All such commercial lettings of furnished holiday accommodation made by a particular person or partnership or body of persons are to be treated as one qualifying activity.
 - (3) Subsections (3) and (4) of section 17 are to apply for the purposes of this section as they apply for the purposes of that section.”
- (7) In section 28(1) and (2) (thermal insulation of buildings)
- (a) after “ordinary” insert “UK”, and
 - (b) for “overseas” substitute “ordinary overseas”.
- (8) In section 33(8) (personal security)—
- (a) in paragraph (b), after “ordinary” insert “UK”,
 - (b) in paragraph (c), for “furnished” substitute “UK furnished”,
 - (c) in paragraph (d), for “overseas” substitute “ordinary overseas”, and

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- (d) omit the “or” at the end of paragraph (d), and after that paragraph insert—
“(da) an EEA furnished holiday lettings business, or”.
- (9) In section 35(1) (expenditure on plant or machinery for use in dwelling-house not qualifying expenditure in certain cases)—
 - (a) in paragraph (a), after “ordinary” insert “UK”, and
 - (b) in paragraph (b), for “overseas” substitute “ordinary overseas”.
- (10) In section 63(3) (cases in which disposal value is nil)—
 - (a) in paragraph (b), after “ordinary” insert “UK”,
 - (b) in paragraph (c), for “furnished” substitute “UK furnished”,
 - (c) in paragraph (d), for “overseas” substitute “ordinary overseas”, and
 - (d) omit the “or” at the end of paragraph (d), and after that paragraph insert—
“(da) an EEA furnished holiday lettings business, or”.
- (11) In section 248 (ordinary property businesses)—
 - (a) in the heading, after “**Ordinary**” insert “UK”, and
 - (b) after “ordinary” insert “UK”.
- (12) In section 249 (furnished holiday lettings businesses)—
 - (a) in the heading, for “**Furnished**” substitute “**UK furnished**”, and
 - (b) in subsection (1), for “furnished” substitute “UK furnished”.
- (13) In section 250 (overseas property businesses)—
 - (a) in the heading, for “**Overseas**” substitute “**Ordinary overseas**”, and
 - (b) for “overseas” substitute “ordinary overseas”.
- (14) After section 250 insert—

“250A EEA furnished holiday lettings businesses

- (1) If the qualifying activity of a person who is entitled or liable to an allowance or charge for a chargeable period is an EEA furnished holiday lettings business, the allowance or charge is to be given effect in calculating the profits of that business by treating—
 - (a) the allowance as an expense of that business, and
 - (b) the charge as a receipt of that business.
- (2) Section 67A of CTA 2010 (letting of EEA furnished holiday accommodation treated as trade for purposes of loss relief rules, etc) applies to profits calculated in accordance with subsection (1).”
- (15) In section 536(5)(a) (contributions not made by public bodies and not eligible for tax relief)—
 - (a) in sub-paragraph (i), after “ordinary” insert “UK”,
 - (b) in sub-paragraph (ii), for “furnished” substitute “UK furnished”,
 - (c) in sub-paragraph (iii), for “overseas” substitute “ordinary overseas”, and
 - (d) after sub-paragraph (iii) insert—
“(iiia) an EEA furnished holiday lettings business;”.
- (16) In Schedule A1 (first-year tax credits)—

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- (a) in paragraph 5(1), for “a UK property business other than a furnished holiday lettings business” substitute “an ordinary UK property business or an ordinary overseas property business”,
 - (b) in paragraph 11(1), for “or a furnished holiday lettings business” substitute “, a UK furnished holiday lettings business or an EEA furnished holiday lettings business”,
 - (c) in paragraph 12(1), for “a UK property business other than a furnished holiday lettings business” substitute “an ordinary UK property business or an ordinary overseas property business”,
 - (d) in paragraph 20—
 - (i) in sub-paragraph (a), for “or a furnished holiday lettings business” substitute “, a UK furnished holiday lettings business or an EEA furnished holiday lettings business”, and
 - (ii) in sub-paragraph (c), for “a UK property business (other than a furnished holiday lettings business)” substitute “an ordinary UK property business or an ordinary overseas property business”, and
 - (e) in paragraph 21(1)—
 - (i) for “a UK” substitute “an ordinary UK”, and
 - (ii) for “overseas” substitute “ordinary overseas”.
- (17) In Part 2 of Schedule 1—
- (a) omit the entries for “furnished holiday lettings business” and “ordinary property business”, and
 - (b) at the appropriate place insert—

“EEA furnished holiday lettings business	section 17B”
“ordinary UK property business	section 16”
“ordinary overseas property business	section 17A”
“UK furnished holiday lettings business	section 17”

Commencement

- 13 This Part has effect—
- (a) for corporation tax purposes, in relation to chargeable periods beginning on or after 1 April 2011, and
 - (b) for income tax purposes, in relation to chargeable periods beginning on or after 6 April 2011.