

SCHEDULES

SCHEDULE 1

CAPITAL ALLOWANCES

PART 3

AMENDMENTS OF PART 2 OF CAA 2001: PLANT AND MACHINERY ALLOWANCES

5 After section 51J insert—

“51JA Sixth restriction: allocation where profits chargeable at NI rate

- (1) This section applies if—
 - (a) section 51B, 51C, 51D or 51E applies, and
 - (b) the relevant AIA qualifying expenditure for the purposes of the section in question includes expenditure incurred in a low-rate year in respect of an NI rate activity.
- (2) For the purposes of this section expenditure is “incurred in a low-rate year” if it is incurred in a financial year for which the Northern Ireland rate is lower than the main rate.
- (3) The maximum annual investment allowance that may be allocated under section 51B, 51C, 51D or 51E to AIA qualifying expenditure incurred in a low-rate year in respect of qualifying activities other than NI rate activities is determined by the formula—

$$A \times \frac{T - NI}{T}$$

where—

A is the amount of the single annual investment allowance that would otherwise be available for allocation;

T is so much of the relevant AIA qualifying expenditure for the purposes of the section in question as is incurred in a low-rate year;

NI is so much of the relevant AIA qualifying expenditure for the purposes of the section in question as is expenditure incurred in a low-rate year in respect of an NI rate activity.”

Changes to legislation:

There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, Paragraph 5.