

## SCHEDULES

### SCHEDULE 1

#### CAPITAL ALLOWANCES

#### PART 6

#### TRANSITIONAL PROVISIONS

##### *Interpretation*

- 19 (1) In this Part of this Schedule “the transition period”, in relation to a company or partnership, means the accounting period of the company or partnership that begins, or is treated by section 5(6) as beginning, on the commencement day.
- (2) In sub-paragraph (1) “the commencement day” has the meaning given by section 5(4).

##### *Plant and machinery allowances: allocation of unrelieved expenditure to pools*

- 20 (1) This paragraph applies to a company or partnership if—
- (a) in the case of a company, the company is a NIRE company or [<sup>F1</sup>an SME (Northern Ireland employer) company] in the transition period, or
  - (b) in the case of a partnership, the partnership is a Northern Ireland Chapter 6 firm or a Northern Ireland Chapter 7 firm in the transition period.
- (2) If at the beginning of the transition period—
- (a) an NI rate activity carried on by the company begins to be treated by section 15(2ZA) of CAA 2001 as a separate qualifying activity for the purposes of Part 2 of that Act (plant and machinery allowances), or
  - (b) an NI rate activity carried on by the partnership begins to be treated by section 15(2ZB) of CAA 2001 as a separate qualifying activity for the purposes of Part 2 of that Act so far as relating to the corporate partner calculation,
- the fact that the NI rate activity begins to be so treated does not give rise to a disposal event within section 61(1)(e) or (f) of that Act.
- (3) The amount of any unrelieved qualifying expenditure in any main pool falling to be carried forward under section 59 of CAA 2001 to the transition period is to be apportioned on a just and reasonable basis to become—
- (a) a main pool that is to be treated as relating to plant and machinery used for the purposes of the NI rate activity, and
  - (b) a main pool that is to be treated as relating to plant and machinery used for the purposes of the main rate activity.

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*Changes to legislation: There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, PART 6. (See end of Document for details)*

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- (4) The amount of any unrelieved qualifying expenditure in any special rate pool falling to be carried forward under section 59 of CAA 2001 to the transition period is to be apportioned on a just and reasonable basis to become—
- (a) a special rate pool that is to be treated as relating to plant and machinery used for the purposes of the NI rate activity, and
  - (b) a special rate pool that is to be treated as relating to plant and machinery used for the purposes of the main rate activity.
- (5) Sub-paragraph (6) applies where—
- (a) unrelieved qualifying expenditure in a single asset pool falls to be carried forward under section 59 of CAA 2001 to the transition period, and
  - (b) immediately before the transition period the plant or machinery is used—
    - (i) partly for the purposes of activities that become the NI rate activity, and
    - (ii) partly for the purposes of activities that become the main rate activity.
- (6) The unrelieved qualifying expenditure is to be treated for the purposes of Chapter 16ZA of Part 2 of CAA 2001 as if the allocation to the single asset pool were under section 212ZB of that Act.
- (7) “Main rate activity” means the qualifying activity to which the qualifying expenditure relates, except so far as it is an NI rate activity.
- (8) Other expressions used in this paragraph and in Part 2 of CAA 2001 as amended by this Schedule have the same meaning as in that Part.

#### Textual Amendments

- F1** Words in [Sch. 1 para. 20\(1\)\(a\)](#) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 7 para. 25](#)

#### *Know-how allowances: allocation of unrelieved expenditure to pools*

- 21 (1) This paragraph applies if—
- (a) in the case of a company, the company is a NIRE company or [<sup>F2</sup>an SME (Northern Ireland employer) company] in the transition period, or
  - (b) in the case of a partnership, the company is a Northern Ireland firm in the transition period.
- (2) Subsection (3) applies if at the beginning of the transition period—
- (a) an NI rate activity carried on by the company begins to be treated by section 6D of CAA 2001 as a separate qualifying trade for the purposes of Part 7 of that Act (know-how allowances), or
  - (b) an NI rate activity carried on by the partnership begins to be treated by section 6D of CAA 2001 as a separate qualifying trade for the purposes of Part 7 of that Act so far as relating to the corporate partner calculation.
- (3) The amount of any unrelieved qualifying expenditure in any pool falling to be carried forward under section 461 of CAA 2001 from the previous chargeable period is to be apportioned on a just and reasonable basis to become—

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- (a) a pool that is to be treated as relating to the NI rate activity, and
  - (b) a pool that is to be treated as relating to the main rate activity.
- (4) “Main rate activity” means the trade to which the qualifying expenditure relates, except so far as it is an NI rate activity.
- (5) Other expressions used in this paragraph and in Part 7 of CAA 2001 as amended by this Schedule have the same meaning as in that Part.

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#### Textual Amendments

- F2** Words in [Sch. 1 para. 21\(1\)\(a\)](#) substituted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 7 para. 25](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax (Northern Ireland) Act 2015, PART 6.