



Finance Act 2018

2018 CHAPTER 3

PART 1

DIRECT TAXES

Miscellaneous

36 Fixed rate deduction for expenditure on vehicles etc

- (1) Section 94E of ITTOIA 2005 (excluded vehicles) is amended in accordance with subsections (2) and (3).
- (2) In subsection (3)(b)—
- (a) for “the trade” substitute “ any relevant trade or business ”;
 - (b) for “section 25A” substitute “ sections 25A and 271D ”.
- (3) After subsection (3) insert—
- “(4) In this section “any relevant trade or business” means any trade or property business carried on by the person carrying on the trade mentioned in subsection (1).”
- (4) In section 272 of that Act (application of trading income rules: GAAP), in subsection (2), in the table, at the appropriate place insert—

“In Chapter 5A (deductions allowable at a fixed rate)

section 94C	exclusion of provisions of Chapter 5A for firms with partner who is not an individual
sections 94D to 94G	expenditure on vehicles”

- (5) In section 272ZA of that Act (application of trading income rules: cash basis), in subsection (1), in the table, at the appropriate place insert—

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2018, Section 36. (See end of Document for details)

“In Chapter 5A (deductions allowable at a fixed rate)

section 94C	exclusion of provisions of Chapter 5A for firms with partner who is not an individual
sections 94D to 94G	expenditure on vehicles”

(6) In section 59 of CAA 2001 (unrelieved qualifying expenditure)—

(a) in subsection (8)—

(i) at the end of paragraph (b), insert “ and ”;

(ii) omit paragraph (d) (and the “and” before it);

(b) after subsection (9) insert—

“(9A) Subsection (9B) applies if—

(a) a person carrying on a property business incurs expenditure in relation to a vehicle,

(b) at the end of a tax year, the person has unrelieved qualifying expenditure incurred in relation to the vehicle to carry forward from the chargeable period ending with that tax year (“the relevant chargeable period”), and

(c) in calculating the profits of a property business of a person for the following tax year, a deduction is made under section 94D of ITTOIA 2005 (as applied by section 271E of that Act) in respect of expenditure incurred in relation to the vehicle.

(9B) None of the unrelieved qualifying expenditure incurred in relation to the vehicle may be carried forward as unrelieved qualifying expenditure from the relevant chargeable period.”

(7) The amendments made by subsections (2), (3) and (6)(a) have effect for the tax year 2018-19 and subsequent tax years.

(8) The amendments made by subsections (4), (5) and (6)(b) have effect for the tax year 2017-18 and subsequent tax years.

(9) Section 94E of ITTOIA 2005 (meaning of “excluded vehicles”) has effect, in its application as a result of section 271E of that Act (profits of a property business: application of trading income rules), as if after subsection (2) there were inserted—

“(2A) But in determining whether condition A is met no account is to be taken of any claim for capital allowances made for the tax year 2013-14, the tax year 2016-17 or either of the intervening tax years.”

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2018, Section 36.