

2016 No. 984

CORPORATION TAX

INCOME TAX

The Capital Allowances Act 2001 (Cars Emissions) Order 2016

Made - - - - *10th October 2016*

Laid before the House of Commons *11th October 2016*

Coming into force - - *1st November 2016*

The Treasury make the following Order in exercise of the powers conferred by sections 45D(1A) and (7) and 104AA(5) of the Capital Allowances Act 2001(a).

Citation and commencement

1. This Order may be cited as the Capital Allowances Act 2001 (Cars Emissions) Order 2016 and comes into force on 1st November 2016.

2. The amendments made by article 4(b) and article 5 have effect in relation to expenditure incurred on or after 1st April 2018.

Amendment of the Capital Allowances Act 2001

3. The Capital Allowances Act 2001 is amended as follows.

4. In section 45D—

- (a) in subsection (1)(a)(b) for “2018” substitute “2021”; and
- (b) in subsection (4)(c) for “75” substitute “50”.

5. In section 104AA(4)(d) for “130” substitute “110”.

(a) 2001 c.2; section 45D was inserted by section 59 of, and paragraph 3 of Schedule 19 to, the Finance Act 2002 (c.23); section 45D(1A) was inserted by section 64(2) of the Finance Act 2014 (c.26); section 104AA was inserted by paragraph 8 of Schedule 11 to the Finance Act 2009 (c.10).

(b) Section 45D(1)(a) was amended by S.I. 2015/60.

(c) Section 45D(4) was amended by paragraph 14 of Schedule 11 to the Finance Act 2009 (c.10) and S.I. 2015/60; there are other amendments to section 45D not relevant to this Order.

(d) Section 104AA(4) was amended by section 68(3) of the Finance Act 2013 (c.29).

Revocation

6. Article 4(a) of the Capital Allowances Act 2001 (Extension of first-year allowances) (Amendment) Order 2015^(a) is revoked.

Stephen Barclay
David Evennett

10th October 2016

Two of the Lords Commissioners for Her Majesty's Treasury

^(a) S.I. 2015/60.

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends sections 45D and 104AA of the Capital Allowances Act 2001 (c.2). These sections set out the conditions to qualify for 100% first-year allowances (section 45D) and main rate allowances (section 104AA) on expenditure in respect of cars with low carbon dioxide emissions.

Article 4 extends the first-year allowance for cars with low carbon dioxide emissions for a further three year period ending on 31st March 2021. It also reduces the qualifying emissions threshold for the first-year allowance from 75 grams to 50 grams per kilometre driven, in relation to expenditure incurred on or after 1st April 2018.

Article 5 reduces the qualifying emissions threshold for the main rate allowance from 130 grams to 110 grams per kilometre driven, in relation to expenditure incurred on or after 1st April 2018.

This Order revokes article 4(a) of S.I. 2015/60, which previously amended section 45D(1)(a) of the Capital Allowances Act 2001.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.

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£4.25

UK2016101013 10/2016 19585

<http://www.legislation.gov.uk/id/uksi/2016/984>

ISBN 978-0-11-115024-5



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