



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

#### CHAPTER 10

#### LONG-LIFE ASSETS

#### *Long-life asset expenditure*

#### **90 Long-life asset expenditure**

“Long-life asset expenditure” means qualifying expenditure—

- (a) incurred on the provision of a long-life asset for the purposes of a qualifying activity, and
- (b) not excluded from being long-life asset expenditure by any of sections 93 to 100.

#### **91 Meaning of “long-life asset”**

- (1) For the purposes of this Chapter “long-life asset” means plant or machinery which—
  - (a) if new, can reasonably be expected to have a useful economic life of at least 25 years, and
  - (b) if not new, could reasonably have been expected when new to have a useful economic life of at least 25 years.
- (2) “New” means unused and not second-hand.
- (3) The useful economic life of plant or machinery is the period—
  - (a) beginning when it is first brought into use by any person for any purpose, and

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- (b) ending when it is no longer used or likely to be used by anyone for any purpose as a fixed asset of a business.

**F1 92 Application of Chapter to part of expenditure**

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**Textual Amendments**

**F1** S. 92 omitted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 26 para. 8](#)

*Expenditure excluded from being long-life asset expenditure*

**93 Fixtures etc.**

- (1) Expenditure is not long-life asset expenditure if it is incurred on the provision of plant or machinery which is a fixture in, or is provided for use in, any building used wholly or mainly—
  - (a) as a dwelling-house, hotel, office, retail shop or showroom, or
  - (b) for purposes ancillary to the use referred to in paragraph (a).
- (2) In this section—
  - “fixture” has the meaning given by section 173(1);
  - “retail shop” includes any premises of a similar character where a retail trade or business, including repair work, is carried on.

**94 Ships**

- (1) Expenditure is not long-life asset expenditure if—
  - (a) it is incurred before 1st January 2011 on the provision of a ship of a sea-going kind, and
  - (b) each of the conditions in subsection (2) is met.
- (2) The conditions are that—
  - (a) the ship is not an offshore installation,
  - <sup>F2</sup>(b) .....
  - (c) the primary use to which ships of the same kind are put by their owners (or, if their use is made available to others, those others) is a use otherwise than for sport or recreation.

<sup>F3</sup>(3) .....

**Textual Amendments**

**F2** S. 94(2)(b) repealed (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#) , [Sch. 27 para. 8](#) , [42 Pt. 2\(19\)](#)

**F3** S. 94(3) repealed (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#) , [Sch. 27 para. 8](#) , [42 Pt. 2\(19\)](#)

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## 95 Railway assets

- (1) Expenditure is not long-life asset expenditure if it is incurred before 1st January 2011 on the provision of a railway asset used by any person wholly and exclusively for the purposes of a railway business.
- (2) “Railway asset” means—
  - (a) a locomotive, tram or other vehicle, or a carriage, wagon or other rolling stock designed or adapted for use on a railway;
  - (b) anything which is, or is to be, comprised in any railway station, railway track or light maintenance depot or any apparatus which is, or is to be, installed in association with such a station, track or depot.
- (3) “Railway business” means a business so far as carried on to provide a service to the public for carrying goods or passengers by means of a railway in the United Kingdom or the Channel Tunnel.
- (4) For the purposes of subsection (1), a railway asset of a kind described in subsection (2)
  - (a) is not to be treated as used otherwise than wholly and exclusively for the purposes of a railway business merely because it is used to carry goods or passengers—
    - (a) from places inside the United Kingdom to places outside the United Kingdom, or
    - (b) from places outside the United Kingdom to places inside the United Kingdom.
- (5) In subsections (2) and (3), “railway” has the same meaning as in section 81(2) of the 1993 Act (“railway” includes tramways and other modes of guided transport).
- (6) In this section—
  - “the 1993 Act” means the Railways Act 1993 (c. 43);
  - “goods” has the same meaning as in Part I of the 1993 Act;
  - “railway station” and “railway track” include—
    - (a) anything included in the definitions of “station” and “track” in section 83 of the 1993 Act, and
    - (b) anything else that would be included if in section 83 “railway” had the meaning given in section 81(2) of the 1993 Act;
  - “light maintenance depot” means—
    - (a) any light maintenance depot within the meaning of Part I of the 1993 Act, and
    - (b) any land or other property which is the equivalent of such a depot in relation to anything which is a railway only when “railway” has the meaning given by section 81(2) of the 1993 Act.

## 96 Cars

Expenditure is not long-life asset expenditure if it is incurred on the provision of a [<sup>F4</sup>car or motor cycle (as defined by section 268A)].

### Textual Amendments

- F4** Words in s. 96 substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 21** (with [Sch. 11 paras. 30-32](#))

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**97 Expenditure within the relevant monetary limit: general**

Expenditure is not long-life asset expenditure if it is—

- (a) expenditure to which the monetary limits apply, and
- (b) incurred in a chargeable period for which the relevant monetary limit is not exceeded.

**98 Expenditure to which the monetary limits apply**

- (1) The monetary limits apply to expenditure incurred by an individual for a chargeable period if—
  - (a) the expenditure was incurred by him for the purposes of a qualifying activity carried on by him,
  - (b) the whole of his time is substantially devoted in that period to the carrying on of that qualifying activity, and
  - (c) the expenditure is not within subsection (4).
- (2) The monetary limits apply to expenditure incurred by a partnership for a chargeable period if—
  - (a) all of the members of the partnership are individuals,
  - (b) the expenditure was incurred by the partnership for the purposes of a qualifying activity carried on by it,
  - (c) at all times throughout that period at least half the partners for the time being devote the whole or a substantial part of their time to the carrying on of that qualifying activity, and
  - (d) the expenditure is not within subsection (4).
- (3) The monetary limits apply for the purposes of corporation tax to any expenditure incurred by a company for a chargeable period other than expenditure within subsection (4).
- (4) Expenditure is within this subsection if it is—
  - (a) incurred on the provision of a share in plant or machinery,
  - (b) treated as a result of section 538 (contribution allowances: plant and machinery) as incurred on the provision of plant or machinery, or
  - (c) incurred on the provision of plant or machinery for leasing (whether or not the leasing is in the course of a trade).

**99 The monetary limit**

- (1) The monetary limit in the case of a chargeable period of 12 months is £100,000.
- (2) If, in the case of an individual or partnership, the chargeable period is longer or shorter than 12 months, the monetary limit is the amount given by a proportional increase or reduction of £100,000.
- (3) If, in the case of a company, the chargeable period is shorter than 12 months, the monetary limit is the amount given by a proportional reduction of £100,000.
- (4) [<sup>F5</sup>If, in a chargeable period, a company has one or more associated companies], the monetary limit for that period is—

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$$\frac{L}{N+1}$$

where—

L is the monetary limit applicable under subsection (1) or (3), and  
N is the <sup>[F6]</sup>number of associated] companies.

[<sup>F7</sup>(4A) The rules in Part 3A of CTA 2010 (see sections 18E to 18J) which apply for determining whether a company is another company's associated company in an accounting period for the purposes of section 18D of that Act apply for the purposes of subsection (4).]

<sup>F8</sup>(5) .....

#### Textual Amendments

- F5** Words in s. 99(4) substituted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 16\(2\)\(a\)](#)
- F6** Words in s. 99(4) substituted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 16\(2\)\(b\)](#)
- F7** S. 99(4A) inserted (with effect in accordance with Sch. 1 para. 33 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 16\(3\)](#)
- F8** S. 99(5) omitted (with effect in accordance with Sch. 1 para. 21 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 8\(b\)](#)

#### Modifications etc. (not altering text)

- C13** S. 99(1) modified by [1993 c. 34, s. 93A\(6\)](#) (as inserted (with effect as mentioned in s. 80(2) of the inserting Act) by [Finance Act 2002 \(c. 23\)](#), s. 80, [Sch. 24 para. 4](#) (with [Sch. 23 para. 25](#)))
- C14** S. 99(2) modified by [1993 c. 34, s. 93A\(6\)](#) (as inserted (with effect as mentioned in s. 80(2) of the inserting Act) by [Finance Act 2002 \(c. 23\)](#), s. 80, [Sch. 24 para. 4](#) (with [Sch. 23 para. 25](#)))
- C15** S. 99(3) modified by [1993 c. 34, s. 93A\(6\)](#) (as inserted (with effect as mentioned in s. 80(2) of the inserting Act) by [Finance Act 2002 \(c. 23\)](#), s. 80, [Sch. 24 para. 4](#) (with [Sch. 23 para. 25](#)))

## 100 Exceeding the monetary limit

- (1) The monetary limit for a chargeable period is exceeded if the total expenditure in that period that meets the conditions in subsection (2) exceeds that limit.
- (2) The conditions are that the expenditure—
  - (a) is long-life asset expenditure, or would be long-life asset expenditure in the absence of section 97 (expenditure within monetary limit), and
  - (b) is expenditure to which the monetary limits apply.
- (3) Subsection (4) applies if, in the case of any contract for the provision of plant or machinery, the capital expenditure which is (or is to be) incurred under the contract is (or may fall to be) treated for the purposes of this Act as incurred in different chargeable periods.
- (4) All of the expenditure falling to be incurred under the contract on the provision of the plant or machinery is to be treated for the purposes of this section as incurred in the first chargeable period in which any of the expenditure is incurred.

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### *Rules applying to long-life asset expenditure*

#### **[<sup>F9</sup>101 Allocation of long-life asset expenditure to pool**

Chapter 10A (special rate expenditure and the special rate pool) provides for long-life asset expenditure to be allocated to the special rate pool.]

##### **Textual Amendments**

**F9** S. 101 substituted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 26 para. 9](#)

#### **[<sup>F10</sup>102 Writing-down allowance in respect of long-life asset expenditure**

Chapter 10A (special rate expenditure and the special rate pool) provides for the writing-down allowance to which a person is entitled in respect of long-life asset expenditure.]

##### **Textual Amendments**

**F10** S. 102 substituted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 26 para. 10](#)

##### **Modifications etc. (not altering text)**

**C16** S. 102 applied (with modifications) (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [s. 83](#)

### *Anti-avoidance provisions*

#### **103 Later claims**

(1) Subsection (2) applies if—

- (a) a person entitled to do so has made a Part 2 claim in respect of expenditure incurred on the provision of plant or machinery, and
- (b) the expenditure fell to be treated as long-life asset expenditure for the purposes of the claim.

(2) If—

- (a) at any time after making the Part 2 claim, that claimant or another person makes a Part 2 claim in respect of any qualifying expenditure incurred at any time (including a time before the incurring of the expenditure to which the earlier claim relates) on the provision of the same plant or machinery, and
- (b) the expenditure to which the later claim relates—
  - (i) would not (but for this subsection) be treated for the purposes of the later claim as long-life asset expenditure, and
  - (ii) is not prevented from being long-life asset expenditure by any of sections 93 to 96,

this Part has effect in relation to the later claim as if the expenditure to which it relates were long-life asset expenditure.

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- (3) A person makes a Part 2 claim in respect of any expenditure if he—
- (a) makes a tax return in which the expenditure is taken into account in determining his available qualifying expenditure for the purposes of this Part;
  - (b) gives notice of an amendment of a tax return which provides for the expenditure to be so taken into account;
  - (c) makes a claim in any other way for the expenditure to be so taken into account.

**<sup>F11</sup>104 Disposal value of long-life assets**

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**Textual Amendments**

- F11** S. 104 omitted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), Sch. 26 para. 11](#)

**Changes to legislation:**

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