



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 2

QUALIFYING ACTIVITIES

15 Qualifying activities

- (1) Each of the following is a qualifying activity for the purposes of this Part—
- (a) a trade,
 - (b) an ordinary Schedule A business,
 - (c) a furnished holiday lettings business,
 - (d) an overseas property business,
 - (e) a profession or vocation,
 - (f) a concern listed in section 55(2) of ICTA (mines, transport undertakings etc.),
 - (g) the management of an investment company,
 - (h) special leasing of plant or machinery, and
 - (i) an employment or office,
- but to the extent only that the profits or gains from the activity are, or (if there were any) would be, chargeable to tax.
- (2) Subsection (1) is subject to the following provisions of this Part.
- (3) This section, in so far as it provides for—
- (a) an ordinary Schedule A business,
 - (b) an overseas property business, or
 - (c) special leasing of plant or machinery,

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to be a qualifying activity, needs to be read with section 35 (expenditure on plant or machinery for use in a dwelling-house not qualifying expenditure in certain cases).

- (4) Also, subsection (1)(i) needs to be read with sections 36 (restriction on qualifying expenditure in case of employment or office) and 80 (vehicles provided for purposes of employment or office).

16 Ordinary Schedule A businesses

In this Part “ordinary Schedule A business” means a Schedule A business except in so far as it is a furnished holiday lettings business.

17 Furnished holiday lettings businesses

- (1) In this Part “furnished holiday lettings business” means a Schedule A business in so far as it consists of the commercial letting of furnished holiday accommodation in the United Kingdom.
- (2) All commercial lettings of furnished holiday accommodation made by a particular person or partnership or body of persons are to be treated as one qualifying activity.
- (3) “Commercial letting of furnished holiday accommodation” has the meaning given by section 504 of ICTA.
- (4) If there is a letting of accommodation only part of which is holiday accommodation, such apportionments are to be made for the purposes of this section as are just and reasonable.

18 Management of investment companies

- (1) For the purposes this Part, the management of an investment company consists of pursuing those purposes expenditure on which would be treated as expenses of management within section 75 of ICTA.
- (2) In this Part “investment company” has the meaning given by section 130 of ICTA.

19 Special leasing of plant or machinery

- (1) In this Part “special leasing”, in relation to plant or machinery, means hiring out the plant or machinery otherwise than in the course of any other qualifying activity (and references to a lessor or lessee in the context of special leasing are to be read accordingly).
- (2) A qualifying activity consisting of special leasing of plant or machinery begins when the plant or machinery is first hired out in the circumstances given in subsection (1).
- (3) A qualifying activity consisting of special leasing of plant or machinery is permanently discontinued if the lessor permanently ceases to hire out the plant or machinery otherwise than in the course of any other qualifying activity.
- (4) A person who has more than one item of plant or machinery that is the subject of special leasing has a separate qualifying activity in relation to each item.
- (5) If a company carrying on any life assurance business—

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- (a) hires out plant or machinery which is an investment asset (as defined by section 545(2)), and
 - (b) does not do so in the course of a property business,
- the company is to be treated for the purposes of subsection (1) as hiring out the plant or machinery otherwise than in the course of a qualifying activity.

20 Employments and offices

- (1) In section 15(1)(i) “employment” does not include an employment the performance of the duties of which is treated as the carrying on of a trade under section 314 of ICTA (divers and diving supervisors in the North Sea etc.).
- (2) Subsection (3) applies if the emoluments for any duties of an employment or office do not fall within Case I or II of Schedule E.
- (3) This Part applies in relation to—
 - (a) those emoluments, or
 - (b) any other emoluments of the employment or office,as if the performance of the duties did not belong to that employment or office.