



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 5

#### MINERAL EXTRACTION ALLOWANCES

### CHAPTER 6

#### ALLOWANCES AND CHARGES

#### *Disposal values*

#### **423 Sections 421 and 422: amount of disposal value to be brought into account**

- (1) The disposal value to be brought into account under section 421 or 422 depends on the event requiring it to be brought into account, as shown in the Table—

Table

Disposal value for sections 421 and 422

***1. Event***

1. Sale of the asset, except in a case where item 2 applies.

2. Sale of the asset where—  
(a) the sale is at less than market value,

***2. Disposal value***

The net proceeds of the sale, together with—  
(a) any insurance money received in respect of the asset as a result of an event affecting the price obtainable on the sale, and  
(b) any other compensation of any description so received, so far as it consists of capital sums.

The market value of the asset at the time of the sale.

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- (b) there is no charge to tax under [F1ITEPA 2003], and  
 (c) the condition in subsection (3) is met by the buyer.

3. Demolition or destruction of the asset.	The net amount received for the remains of the asset, together with— (a) any insurance money received in respect of the demolition or destruction, and (b) any other compensation of any description so received, so far as it consists of capital sums.
4. Permanent loss of the asset otherwise than as a result of its demolition or destruction.	Any insurance money received in respect of the loss and, so far as it consists of capital sums, any other compensation of any description so received.
5. Permanent discontinuance of the trade followed by the occurrence of an event within any of items 1 to 4.	The disposal value for the item in question.
6. Any event not falling within any of items 1 to 5.	The market value of the asset at the time of the event.

- (2) The amounts referred to in column 2 of the Table are those received by the person required to bring the disposal value into account.
- (3) The condition referred to in item 2 of the Table is met by the buyer if—
- (a) the buyer's expenditure on the acquisition of the asset cannot be qualifying expenditure under Part 2 or 6 (plant and machinery and research and development allowances), or
  - (b) the buyer is a dual resident investing company which is connected with the seller.

#### Textual Amendments

- F1** Words in s. 423(1) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, **Sch. 6 para. 254** (with [Sch. 7](#))

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

- C1** S. 423 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), **Sch. 10 para. 14(2)(a)**; [S.I. 2005/1444](#), art. 2(1), [Sch. 1](#)

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 1A(11)(za) inserted by [2024 c. 3 Sch. 10 para. 39\(3\)\(a\)](#)
- s. 4(2ZA)(a) words inserted by [2024 c. 3 Sch. 10 para. 40\(b\)](#)
- s. 4(2ZA)(a) words substituted by [2024 c. 3 Sch. 10 para. 40\(a\)](#)
- s. 29(1A) inserted by [S.I. 2006/1254 \(N.I.\) Sch. 3 para. 24\(b\)](#) (S. 29 was repealed before this effect came into force.)
- s. 431D(4A) inserted by [2024 c. 3 Sch. 10 para. 42\(4\)](#)
- s. 462A(4A) inserted by [2024 c. 3 Sch. 10 para. 43\(4\)](#)
- s. 477A(5A) inserted by [2024 c. 3 Sch. 10 para. 44\(4\)](#)
- s. 774E(5)(b) words omitted by [2008 c. 9 Sch. 20 para. 12\(11\)](#)