



Capital Allowances Act 1990 (repealed)

1990 CHAPTER 1

PART I

INDUSTRIAL BUILDINGS AND STRUCTURES

CHAPTER I

INITIAL ALLOWANCES

1 Buildings and structures in enterprise zones.

(1) Subject to the provisions of this Act, in any case where—

- (a) a person incurs capital expenditure on the construction of a building or structure which is to be an industrial building or structure occupied for the purposes of a trade carried on either by that person or by such a lessee as is mentioned in subsection (3) below, and
- (b) the expenditure is incurred, or is incurred under a contract entered into, at a time when the site of the industrial building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone,

there shall be made to the person who incurred the expenditure, for the chargeable period which is that related to the incurring of the expenditure, an allowance (“an initial allowance”) equal to 100 per cent. of the amount of that expenditure.

[^{F1}(1A) Where the person entitled to the relevant interest in relation to any capital expenditure incurred as mentioned in paragraphs (a) and (b) of subsection (1) above incurs an additional VAT liability in respect of any of that capital expenditure at a time when—

- (a) the building or structure is, or is to be, an industrial building or structure occupied as mentioned in paragraph (a) of that subsection, and
- (b) the site of the building or structure is in an enterprise zone and not more than 10 years have elapsed since the site was first included in the zone,

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that liability shall be regarded for the purposes of this Act as capital expenditure incurred on the construction of the building or structure and, subject to the following provisions of this Act, an allowance shall accordingly be made to him under that subsection for the chargeable period related to the incurring of that liability.]

- (2) In this section, and in Chapter III as it applies for the purposes of this section, any reference to an industrial building or structure shall include a reference to [^{F2}a qualifying hotel and to] a commercial building or structure.
- (3) The lessees mentioned in subsection (1) above are lessees occupying the building or structure on the construction of which the expenditure was incurred under a lease to which the relevant interest is reversionary.
- (4) The reference in subsection (1) above to the occupation of a building or structure for the purposes of a trade carried on by the person who incurred the capital expenditure on the construction of that building or structure shall include a reference to the use of that building or structure for the purposes of a trade carried on by a licensee of that person or of a lessee of that person.

This subsection does not apply in relation to licences granted before 10th March 1982.
- (5) A person making a claim by virtue of subsection (1) above . . . ^{F3} may require the initial allowance to be reduced to a specified amount; . . . ^{F3}.
- (6) Notwithstanding anything in subsection (1) above, no initial allowance shall be made in respect of any expenditure if, when the building or structure comes to be used, it is not an industrial building or structure, and where an initial allowance has been granted in respect of any expenditure otherwise than in accordance with the provisions of this section all such assessments shall be made as are necessary to secure that effect is given to those provisions.
- (7) No initial allowance shall be made in respect of so much of any expenditure (or be made by virtue of section 154 in respect of a proportionate part of any contribution towards such expenditure) as is taken into account for the purposes of—
 - (a) a grant made under section 32, 34 or 56(1), or a payment made under section 56(2), of the ^{M1}Transport Act 1968, or
 - (b) a grant made under section 12 of the ^{M2}London Regional Transport Act 1984, made towards that expenditure, being a grant or payment declared by the Treasury by order to be relevant for the purposes of the withholding of initial allowances.
- (8) If any such grant or payment is made after the making of an initial allowance, that allowance shall to that extent be withdrawn; and where the amount of the grant or payment is repaid in whole or in part by the grantee to the grantor, then to the extent to which it has been so repaid it shall be deemed never to have been made.
- (9) All such assessments or adjustments of assessments to tax shall be made as may be necessary in consequence of subsection (8) above and, notwithstanding any other provision, the time within which such an assessment or adjustment may be made shall not expire before the expiration of three years from the end of the chargeable period in which the grant, payment or repayment in question was made.
- (10) Any expenditure incurred for the purposes of a trade by a person about to carry it on shall, for the purpose only of determining the chargeable period for which an allowance may be made in respect of that expenditure under subsection (1) above,

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be treated as if it had been incurred by that person on the first day on which he does carry it on ^{F4} . . .

[^{F5}(11) This section shall have effect subject to section 17A.]

Textual Amendments

- F1** S. 1(1A) inserted (*for any chargeable period or its basis period ending on or after 06.04.1990*) by Finance Act 1991 (c. 31), s. 59, **Sch. 14**, Pt. I, para. 1.
- F2** Words in s. 1(2) inserted by Finance Act 1990 (c. 29), s. 88, **Sch. 13 para. 1(1)(3)**
- F3** Words in s. 1(5) repealed by Finance Act 1990 (c. 29), ss. 103, 132, Sch. 17 para. 2, **Sch. 19 Pt. V**, Note 6
- F4** Words in s. 1(10) repealed (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), ss. 70, 82, Sch. 13 paras. 3, 14, **Sch. 18 Pt.VII(9)**.
- F5** S. 1(11) inserted (16.7.1992) by Finance (No. 2) Act 1992 (c. 48), s. 70, **Sch. 13 para.11**

Marginal Citations

- M1** 1968 c. 73.
- M2** 1984 c. 32.

2 Transitional relief for regional projects.

- (1) In relation to expenditure to which this section applies, section 1 shall have effect subject to the following modifications, that is to say—
- (a) in subsection (1), paragraph (b) shall be omitted and for the reference to 100 per cent. there shall be substituted a reference to 75 per cent; ^{F6} . . .
- [^{F7}(aa) in subsection (1A)—
- (i) for the words “paragraphs (a) and (b)” there shall be substituted the words “paragraph (a)”; and
- (ii) paragraph (b) shall be omitted; and]
- (b) subsection (2) shall be omitted.
- (2) This section applies to so much of any expenditure as is certified by the Secretary of State for the purposes of this section to be expenditure which, in his opinion, qualifies for a regional development grant or a grant under Part IV of the relevant Order and consists of the payment of sums on a project—
- (a) either in an area which on 13th March 1984 was a development area, within the meaning of the ^{M3}Industrial Development Act 1982, or in Northern Ireland; and
- (b) in respect of which a written offer of financial assistance under section 7 or 8 of that Act was made on behalf of the Secretary of State in the period beginning on 1st April 1980 and ending on 13th March 1984 or in respect of which a written offer of financial assistance was made in that period by the Highlands and Islands Development Board.
- (3) This section also applies to so much of any expenditure as is certified by the Department of Economic Development in Northern Ireland for the purposes of this section to be expenditure which, in the opinion of that Department, qualifies for a grant under Part IV of the relevant Order and consists of the payment of sums on a project—
- (a) in Northern Ireland; and

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- (b) in respect of which a written offer of financial assistance under Article 7 or 8 of the relevant Order was made on behalf of a Department of the Government of Northern Ireland, in the period beginning on 1st April 1980 and ending on 13th March 1984 or in respect of which a written offer of financial assistance was made in that period by the Local Enterprise Development Unit.

[^{F8}(3A) This section also applies to any additional VAT liability incurred in respect of expenditure certified under subsection (2) or (3) above.]

(4) In this section—

“regional development grant” means a grant under Part II of the Industrial Development Act 1982;

“the relevant Order” means the ^{M4}Industrial Development (Northern Ireland) Order 1982;

and any reference to a particular provision of that Act or Order includes a reference to the corresponding provision of any Act or Order which was in force before and repealed by the Industrial Development Act 1982 or the Industrial Development (Northern Ireland) Order 1982.

Textual Amendments

- F6** Word at end of s. 2(1)(a) repealed (*for any chargeable period or its basis period ending on or after 06.04.1990*) by [Finance Act 1991 \(c. 31\)](#), s. 123, [Sch. 19 Pt. V](#) Note 11.
- F7** S. 2(1)(aa) inserted (*for any chargeable period or its basis period ending on or after 06.04.1990*) by [Finance Act 1991 \(c. 31\)](#), s. 59, [Sch. 14 Pt. I para. 2\(1\)](#).
- F8** S. 2(3A) inserted (*for any chargeable period or its basis period ending on or after 06.04.1990*) by [Finance Act 1991 \(c. 31\)](#), s. 59, [Sch. 14 Pt. I para. 2\(2\)](#).

Marginal Citations

- M3** [1982 c. 52](#).
- M4** [S.I. 1982/1083 \(N.I.15\)](#).

VALID FROM 27/07/1993

[2A ^{F9}Initial allowances: contracts entered into between October 1992 and November 1993.

(1) In relation to expenditure to which this section applies, section 1 shall have effect with the following modifications, that is to say—

- (a) so much of that section as relates to the requirement that the site in question is at a material time in an enterprise zone, namely—
- (i) paragraph (b) of subsection (1) and the reference to that paragraph in subsection (1A);
 - (ii) paragraph (b) of subsection (1A); and
 - (iii) subsection (11),
- shall be omitted;
- (b) for the reference in subsection (1) to 100 per cent. there shall be substituted a reference to 20 per cent.; and

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- (c) subsection (2) shall have effect with the omission of the words “and to a commercial building or structure”.
- (2) No initial allowance shall be made under this section in respect of any expenditure on the construction of a building or structure unless it is or is to be first used on or before 31st December 1994; and in a case where—
- (a) an initial allowance is granted under this section in respect of any expenditure on the construction of a building or structure; and
- (b) by the end of that day that building or structure has not come to be used, that allowance shall be withdrawn and all such assessments and adjustments of assessments to tax shall be made as may be necessary in consequence of its being withdrawn.
- (3) Subject to subsection (5) below, this section applies to any capital expenditure incurred under a contract which—
- (a) is entered into either—
- (i) in the period beginning with 1st November 1992 and ending with 31st October 1993; or
- (ii) for the purpose of securing that obligations under a contract entered into in that period are complied with;
- but
- (b) is not entered into for the purpose of securing that obligations under a contract entered into before the beginning of that period are complied with.
- (4) Subject to subsection (5) below, this section also applies to any additional VAT liability incurred in respect of expenditure falling within subsection (3) above.
- (5) This section does not apply to—
- (a) any expenditure incurred, or incurred under a contract entered into, at a time when the site of the building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone;
- (b) expenditure falling in relation to expenditure so incurred within section 1(1A); or
- (c) expenditure to which section 2 applies.
- (6) Subsection (5) above shall have effect subject to sections 10C and 17A.]

Textual Amendments

- F9** S. 2A inserted (27.7.1993 with effect as mentioned in s. 113(7) of the amending Act) by 1993 c. 34, s. 113(1)(7)

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