



Capital Allowances Act 2001

2001 CHAPTER 2

PART 10

ASSURED TENANCY ALLOWANCES

CHAPTER 6

BALANCING ADJUSTMENTS

Calculation of balancing adjustments

516 Dwelling-house a qualifying dwelling-house throughout

- (1) This section provides for balancing adjustments in cases where the dwelling-house was a qualifying dwelling-house for the whole of the relevant period of ownership.
- (2) A balancing allowance is made if—
 - (a) there are no proceeds from the balancing event, or
 - (b) the proceeds from the balancing event are less than the residue of qualifying expenditure attributable to the dwelling-house immediately before the event.
- (3) The amount of the balancing allowance is the amount of—
 - (a) the residue (if there are no proceeds);
 - (b) the difference (if the proceeds are less than the residue).
- (4) A balancing charge is made if the proceeds from the balancing event are more than the residue of qualifying expenditure attributable to the dwelling-house immediately before the event.
- (5) The amount of the balancing charge is the amount of the difference.

Status: This is the original version (as it was originally enacted).

517 Dwelling-house not a qualifying dwelling-house throughout

- (1) This section provides for balancing adjustments where the building was not a qualifying dwelling-house for a part of the relevant period of ownership.
- (2) A balancing allowance is made if—
 - (a) the proceeds from the balancing event are less than the starting expenditure attributable to the dwelling-house, and
 - (b) the total amount of the relevant allowances in respect of that expenditure is less than the adjusted net cost of the dwelling-house.
- (3) The amount of the balancing allowance is the amount of the difference between the adjusted net cost of the dwelling-house and the total amount of the relevant allowances.
- (4) A balancing charge is made if the proceeds from the balancing event are equal to or more than the starting expenditure attributable to the dwelling-house.
- (5) The amount of the balancing charge is equal to the total amount of the relevant allowances.
- (6) A balancing charge is also made if—
 - (a) the proceeds from the balancing event are less than the starting expenditure attributable to the dwelling-house, and
 - (b) the total amount of the relevant allowances in respect of that expenditure is more than the adjusted net cost in relation to the dwelling-house.
- (7) The amount of the balancing charge is the amount of the difference between the total amount of those allowances and the adjusted net cost.
- (8) “The relevant allowances” means—
 - (a) any initial allowance under paragraph 1 of Schedule 12 to FA 1982, and
 - (b) any writing-down allowance made for a chargeable period ending on or before the date of the balancing event in question.

518 Overall limit on balancing charge

- (1) The amount of a balancing charge made on a person in respect of any qualifying expenditure attributable to a dwelling-house must not exceed the total amount of the relevant allowances made to that person.
- (2) “The relevant allowances” has the meaning given by section 517(8).

519 Recovery of old initial allowances made on incorrect assumptions

- (1) This section applies if—
 - (a) an initial allowance has been made under paragraph 1 of Schedule 12 to FA 1982 in respect of expenditure relating to a dwelling-house, and
 - (b) when the dwelling-house comes to be used, it is not a qualifying dwelling-house.
- (2) All such assessments and adjustments of assessments are to be made as are necessary to secure that, despite the repeal of Schedule 12 to FA 1982, effect is given to the prohibition in paragraph 1(3) of that Schedule (on the making of initial allowances in respect of dwelling-houses which are not qualifying dwelling-houses).