



Capital Allowances Act 2001

2001 CHAPTER 2

PART 10

ASSURED TENANCY ALLOWANCES

CHAPTER 7

WRITING OFF QUALIFYING EXPENDITURE ATTRIBUTABLE TO DWELLING-HOUSE

523 Introduction

For the purposes of this Part qualifying expenditure attributable to a dwelling-house is written off to the extent and at the times specified in this Chapter.

524 Writing off initial allowances

If an initial allowance was made under paragraph 1 of Schedule 12 to FA 1982 in respect of a qualifying dwelling-house, the amount of the allowance is written off at the time of the first use of the dwelling-house.

525 Writing off writing-down allowances

- (1) If a writing-down allowance is made in respect of qualifying expenditure attributable to a dwelling-house, the amount of the allowance is written off at the end of the chargeable period for which the allowance is made.
- (2) If a balancing event occurs at the end of a chargeable period, the amount written off under subsection (1) is to be taken into account in calculating the residue of qualifying expenditure immediately before the event to determine what balancing adjustment (if any) is to be made.

526 Writing off expenditure for periods when building not used as qualifying dwelling-house

- (1) This section applies if for any period or periods between—
 - (a) the time when the whole or a part of the building was first used for any purpose, and
 - (b) the time when the residue of qualifying expenditure attributable to a dwelling-house falls to be ascertained,the building or part has not been a qualifying dwelling-house.
- (2) An amount equal to the notional writing-down allowances for the period or periods is written off at the time when the residue falls to be ascertained.
- (3) The notional writing-down allowances are the allowances that would have been made for the period or periods in question (if the building or part had remained a qualifying dwelling-house), at such rate or rates as would have been appropriate, having regard to any relevant sale.
- (4) In subsection (3) “relevant sale” means a sale of the relevant interest as a result of which a balancing adjustment falls to be made under section 513.

527 Writing off or increase of expenditure where balancing adjustment made

- (1) This section applies if the relevant interest in the dwelling-house is sold.
- (2) If a balancing allowance is made, the amount by which the residue of qualifying expenditure attributable to the dwelling-house before the balancing event exceeds the net proceeds from the event is written off at the time of the event.
- (3) If a balancing charge is made, the amount of the residue of qualifying expenditure attributable to the dwelling-house is increased at the time of the balancing event by the amount of the charge.
- (4) But if the balancing charge is made under section 517(6) (difference between relevant allowances and adjusted net cost), the residue of qualifying expenditure attributable to the dwelling-house immediately after the balancing event is limited to the net proceeds from the event.

528 Treatment of demolition costs

- (1) This section applies if—
 - (a) a dwelling-house is demolished, and
 - (b) the person to or on whom any balancing allowance or balancing charge is or might be made is the person incurring the cost of the demolition.
- (2) The net cost of the demolition is added to the residue of qualifying expenditure attributable to the qualifying dwelling-house immediately before the demolition.
- (3) “The net cost of the demolition” means the amount, if any, by which the cost of the demolition exceeds any money received for the remains of the property.
- (4) If this section applies, the net cost of the demolition is not treated for the purposes of this Part as expenditure on any other property replacing the property demolished.