



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 12

SHIPS

Pooling and postponement of allowances

127 Single ship pool

- (1) Qualifying expenditure incurred on the provision of a ship for the purposes of a qualifying activity, if allocated to a pool, must be allocated to a single asset pool (a “single ship pool”).
- (2) Subsection (1) is subject to the exceptions given in section 128 and any election under section 129 to use the appropriate non-ship pool.
- (3) In this Chapter “the appropriate non-ship pool”, in relation to a ship, means the pool to which the expenditure incurred on the provision of the ship would be allocated, or would have been allocated, apart from this Chapter.

Modifications etc. (not altering text)

C1 Pt. 2 modified (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), s. 9(1)(a)

128 Expenditure which is not to be allocated to single ship pool

- (1) The expenditure is not to be allocated to a single ship pool if the ship is provided for leasing unless—

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- (a) the ship is not used for overseas leasing at any time in the designated period, or if it is, is used only for protected leasing, and
 - (b) it appears that the ship will be used for a qualifying purpose in the designated period and will not be used for any other purpose at any time in that period.
- (2) The expenditure is not to be allocated to a single ship pool if the qualifying activity for the purposes of which the ship is provided is special leasing of plant or machinery.
- (3) In subsection (1) “leasing”, “overseas leasing”, “protected leasing”, “qualifying purpose” and “designated period” have the same meaning as in Chapter 11 (overseas leasing).

129 Election to use the appropriate non-ship pool

- (1) A person who has incurred qualifying expenditure on the provision of a ship may, by an election made for a chargeable period, allocate to the appropriate non-ship pool—
- (a) all or a part of any qualifying expenditure that would otherwise be allocated to a single ship pool, or
 - (b) all or a part of the available qualifying expenditure in a single ship pool.
- (2) An election under this section must be made by notice given to [^{F1}an officer of Revenue and Customs]—
- (a) for income tax purposes, on or before the normal time limit for amending a tax return for the tax year in which the relevant chargeable period ends;
 - (b) for corporation tax purposes, no later than 2 years after the end of the relevant chargeable period.
- (3) “The relevant chargeable period” means the chargeable period for which the election is made.

Textual Amendments

- F1** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

130 Notice postponing first-year or writing-down allowance

- (1) A person who is entitled to a first-year allowance for a chargeable period in respect of qualifying expenditure on the provision of a ship may, by notice, postpone all or part of the allowance.
- (2) A person who is entitled to a writing-down allowance for a chargeable period in respect of qualifying expenditure allocated to a single ship pool may, by notice, postpone all or part of the allowance.
- (3) A notice under this section must specify the amount postponed.
- (4) A notice under this section must be given to [^{F1}an officer of Revenue and Customs]—
- (a) for income tax purposes, on or before the normal time limit for amending a tax return for the tax year in which the relevant chargeable period ends;
 - (b) for corporation tax purposes, no later than 2 years after the end of the relevant chargeable period.

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- (5) “The relevant chargeable period” means the chargeable period for which the person is entitled to the allowance.
- (6) If a person entitled to a first-year allowance in respect of qualifying expenditure on the provision of a ship claims the allowance in respect of part of the expenditure, subsection (1) applies to the allowance claimed.
- (7) If a person entitled to a writing-down allowance in respect of qualifying expenditure allocated to a single ship pool requires the allowance to be reduced to a specified amount, subsection (2) applies to the allowance as so reduced.

Textual Amendments

F1 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

Modifications etc. (not altering text)

C2 [S. 130\(1\)](#) excluded (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), s. 9(10)

131 Effect of postponement

- (1) If a person gives notice in respect of a chargeable period under section 130—
 - (a) the allowance is withheld or withdrawn to the extent that it is postponed, but
 - (b) sections 57 to 59 (calculation of available qualifying expenditure) apply as if the allowance had been made to the person without any postponement.
- (2) On making a claim, the person is entitled to have all or part of a postponed first-year allowance made to him as a first-year allowance for one or more subsequent chargeable periods in which he is carrying on the qualifying activity.
- (3) On making a claim, the person is entitled to have all or part of a postponed writing-down allowance made to him as a writing-down allowance for one or more subsequent chargeable periods in which he is carrying on the qualifying activity.
- (4) The total amount of any first-year allowances made under subsection (2) or writing-down allowances made under subsection (3) must not exceed the amount of the postponed allowance in question.
- (5) A writing-down allowance made under subsection (3) is ignored for the purposes of section 59 (unrelieved qualifying expenditure).
- (6) The fact that a postponed writing-down allowance is claimed for a chargeable period does not affect entitlement to, or the amount of, any other writing-down allowance to which the person is otherwise entitled for that chargeable period.
- (7) A postponed allowance is not, merely because of the postponement, included in the reference in [^{F2}section 101(3) of CTA 2010 (group relief: meaning of “capital allowance excess”)] to an allowance or amount [^{F3}brought] forward from an earlier period.

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Textual Amendments

- F2** Words in s. 131(7) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 337\(a\)](#) (with [Sch. 2](#))
- F3** Word in s. 131(7) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 337\(b\)](#) (with [Sch. 2](#))

132 Disposal events and single ship pool

- (1) A person is required to bring a disposal value into account in a single ship pool if the ship—
 - (a) is provided for leasing, and
 - (b) begins to be used otherwise than for a qualifying purpose within the first 4 years of the designated period.
- (2) If any disposal event (including one under subsection (1)) occurs in relation to a single ship pool—
 - (a) the available qualifying expenditure in the single ship pool is allocated, for the chargeable period in which the event occurs, to the appropriate non-ship pool,
 - (b) the disposal value must be brought into account as a disposal value for that chargeable period in the appropriate non-ship pool, and
 - (c) the single ship pool ends without a final chargeable period and without any liability to a balancing charge arising.
- (3) Subsections (1) and (2) apply even if, as a result of an election under section 129, some of the qualifying expenditure on the provision of the ship has been allocated to the appropriate non-ship pool.
- (4) In subsection (1) “leasing”, “qualifying purpose” and “designated period” have the same meaning as in Chapter 11 (overseas leasing).

133 Ship not used

- (1) This section applies if—
 - (a) a person has incurred qualifying expenditure on the provision of a ship for the purposes of a qualifying activity, and
 - (b) the ship ceases to be owned by the person without having been brought into use for the purposes of the qualifying activity.
- (2) Any writing-down allowances that have previously been made in respect of qualifying expenditure in the single ship pool (or which have been postponed) must be withdrawn.
- (3) The amount of any writing-down allowances withdrawn under subsection (2) is allocated, for the chargeable period in which the person ceases to own the ship, to the appropriate non-ship pool.
- (4) Any adjustments required by this section are in addition to any adjustments required under section 132 (disposal events and single ship pool).

Changes to legislation:

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