



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE

Buildings, structures and land

21 Buildings

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on the provision of a building.
- (2) The provision of a building includes its construction or acquisition.
- (3) In this section, “building” includes an asset which—
 - (a) is incorporated in the building,
 - (b) although not incorporated in the building (whether because the asset is moveable or for any other reason), is in the building and is of a kind normally incorporated in a building, or
 - (c) is in, or connected with, the building and is in list A.

List A

Assets treated as buildings

- | | |
|----|--|
| 1. | Walls, floors, ceilings, doors, gates, shutters, windows and stairs. |
| 2. | Mains services, and systems, for water, electricity and gas. |

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- | | |
|----|--|
| 3. | Waste disposal systems. |
| 4. | Sewerage and drainage systems. |
| 5. | Shafts or other structures in which lifts, hoists, escalators and moving walkways are installed. |
| 6. | Fire safety systems. |
-

(4) This section is subject to section 23.

22 Structures, assets and works

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on—
- (a) the provision of a structure or other asset in list B, or
 - (b) any works involving the alteration of land.

List B

Excluded structures and other assets

- | | |
|----|---|
| 1. | A tunnel, bridge, viaduct, aqueduct, embankment or cutting. |
| 2. | A way, hard standing (such as a pavement), road, railway, tramway, a park for vehicles or containers, or an airstrip or runway. |
| 3. | An inland navigation, including a canal or basin or a navigable river. |
| 4. | A dam, reservoir or barrage, including any sluices, gates, generators and other equipment associated with the dam, reservoir or barrage. |
| 5. | A dock, harbour, wharf, pier, marina or jetty or any other structure in or at which vessels may be kept, or merchandise or passengers may be shipped or unshipped. |
| 6. | A dike, sea wall, weir or drainage ditch. |
| 7. | Any structure not within items 1 to 6 other than— <ol style="list-style-type: none"> (a) a structure (but not a building) within Chapter 2 of Part 3 (meaning of “industrial building”), (b) a structure in use for the purposes of an undertaking for the extraction, production, processing or distribution of gas, and |

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

(c) a structure in use for the purposes of a trade which consists in the provision of telecommunication, television or radio services.

(2) The provision of a structure or other asset includes its construction or acquisition.

(3) In this section—

- (a) “structure” means a fixed structure of any kind, other than a building (as defined by section 21(3)), and
- (b) “land” does not include buildings or other structures, but otherwise has the meaning given in Schedule 1 to the Interpretation Act 1978 (c. 30).

(4) This section is subject to section 23.

23 Expenditure unaffected by sections 21 and 22

(1) Sections 21 and 22 do not apply to any expenditure to which any of the provisions listed in subsection (2) applies.

(2) The provisions are—

- section 28 (thermal insulation of industrial buildings);
- section 29 (fire safety);
- section 30 (safety at designated sports grounds);
- section 31 (safety at regulated stands at sports grounds);
- section 32 (safety at other sports grounds);
- section 33 (personal security);
- section 71 (software and rights to software);
- section [F1143 of ITTOIA 2005 or section] 40D of F(No.2)A 1992 (election relating to tax treatment of films expenditure).

(3) Sections 21 and 22 also do not affect the question whether expenditure on any item described in list C is, for the purposes of this Act, expenditure on the provision of plant or machinery.

(4) But items 1 to 16 of list C do not include any asset whose principal purpose is to insulate or enclose the interior of a building or to provide an interior wall, floor or ceiling which (in each case) is intended to remain permanently in place.

List C

Expenditure unaffected by sections 21 and 22

- 1. Machinery (including devices for providing motive power) not within any other item in this list.
- 2. Electrical systems (including lighting systems) and cold water, gas and sewerage systems provided mainly—
 - (a) to meet the particular requirements of the qualifying activity, or

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (b) to serve particular plant or machinery used for the purposes of the qualifying activity.
3. Space or water heating systems; powered systems of ventilation, air cooling or air purification; and any floor or ceiling comprised in such systems.
 4. Manufacturing or processing equipment; storage equipment (including cold rooms); display equipment; and counters, checkouts and similar equipment.
 5. Cookers, washing machines, dishwashers, refrigerators and similar equipment; washbasins, sinks, baths, showers, sanitary ware and similar equipment; and furniture and furnishings.
 6. Lifts, hoists, escalators and moving walkways.
 7. Sound insulation provided mainly to meet the particular requirements of the qualifying activity.
 8. Computer, telecommunication and surveillance systems (including their wiring or other links).
 9. Refrigeration or cooling equipment.
 10. Fire alarm systems; sprinkler and other equipment for extinguishing or containing fires.
 11. Burglar alarm systems.
 12. Strong rooms in bank or building society premises; safes.
 13. Partition walls, where moveable and intended to be moved in the course of the qualifying activity.
 14. Decorative assets provided for the enjoyment of the public in hotel, restaurant or similar trades.
 15. Advertising hoardings; signs, displays and similar assets.
 16. Swimming pools (including diving boards, slides and structures on which such boards or slides are mounted).

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

17. Any glasshouse constructed so that the required environment (namely, air, heat, light, irrigation and temperature) for the growing of plants is provided automatically by means of devices forming an integral part of its structure.
18. Cold stores.
19. Caravans provided mainly for holiday lettings.
20. Buildings provided for testing aircraft engines run within the buildings.
21. Moveable buildings intended to be moved in the course of the qualifying activity.
22. The alteration of land for the purpose only of installing plant or machinery.
23. The provision of dry docks.
24. The provision of any jetty or similar structure provided mainly to carry plant or machinery.
25. The provision of pipelines or underground ducts or tunnels with a primary purpose of carrying utility conduits.
26. The provision of towers to support floodlights.
27. The provision of—
 - (a) any reservoir incorporated into a water treatment works, or
 - (b) any service reservoir of treated water for supply within any housing estate or other particular locality.
28. The provision of—
 - (a) silos provided for temporary storage, or
 - (b) storage tanks.
29. The provision of slurry pits or silage clamps.
30. The provision of fish tanks or fish ponds.
31. The provision of rails, sleepers and ballast for a railway or tramway.
32. The provision of structures and other assets for providing the setting for any ride at an amusement park or exhibition.

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

33. The provision of fixed zoo cages.

- (5) In item 19 of list C, “caravan” includes, in relation to a holiday caravan site, anything that is treated as a caravan for the purposes of—
- (a) the Caravan Sites and Control of Development Act 1960 (c. 62), or
 - (b) the Caravans Act (Northern Ireland) 1963 (c. 17 (N.I.)).

Textual Amendments

- F1** Words in s. 23(2) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 530](#) (with [Sch. 2](#))

24 Interests in land

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on the acquisition of an interest in land.
- (2) In this section “land” does not include—
- (a) buildings or other structures, or
 - (b) any asset which is so installed or otherwise fixed to any description of land as to become, in law, part of the land,
- but otherwise has the meaning given in Schedule 1 to the Interpretation Act 1978 (c. 30).
- (3) Subject to subsection (2), “interest in land” has the meaning given by section 175 (definitions in connection with provisions about fixtures).

25 Building alterations connected with installation of plant or machinery

If a person carrying on a qualifying activity incurs capital expenditure on alterations to an existing building incidental to the installation of plant or machinery for the purposes of the qualifying activity, this Part applies as if—

- (a) the expenditure were expenditure on the provision of the plant or machinery, and
- (b) the works representing the expenditure formed part of the plant or machinery.

Demolition costs

26 Demolition costs

- (1) This section applies if—
- (a) plant or machinery is demolished, and
 - (b) the last use of the plant or machinery was for the purposes of a qualifying activity.
- (2) If the person carrying on the qualifying activity replaces the plant or machinery with other plant or machinery then, for the purposes of this Part, the net cost of the demolition to that person is treated as expenditure incurred on the provision of the other plant or machinery.

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (3) If the person carrying on the qualifying activity does not replace the plant or machinery, the net cost of the demolition to that person is allocated to the appropriate pool for the chargeable period in which the demolition takes place.
- (4) In subsection (3)—
 - “the appropriate pool” means the pool to which the expenditure on the demolished plant or machinery has been or would be allocated in accordance with this Part, and
 - “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 plant or machinery.
- (5) Subsection (3) is subject to section 164(4) (abandonment expenditure before cessation of ring fence trade: election for special allowance).

Expenditure on thermal insulation, safety measures, etc.

27 Application of Part to thermal insulation, safety measures, etc.

- (1) Subsection (2) has effect in relation to expenditure if—
 - (a) it is expenditure to which any of sections 28 to 33 applies, and
 - (b) an allowance under Part 2 or a deduction in respect of the expenditure could not, in the absence of this section, be made in calculating the income from the qualifying activity in question.
- (2) This Part (including in particular section 11(4)) applies as if—
 - (a) the expenditure were capital expenditure on the provision of plant or machinery for the purposes of the qualifying activity in question, and
 - (b) the person who incurred the expenditure owned plant or machinery as a result of incurring it.

28 Thermal insulation of industrial buildings

- (1) This section applies to expenditure if a person carrying on a qualifying activity consisting of a trade has incurred it in adding insulation against loss of heat to an industrial building occupied by him for the purposes of the trade.
- (2) This section also applies to expenditure if a person carrying on a qualifying activity consisting of an ordinary [^{F2}property] business [^{F3}or an overseas property business] has incurred it in adding insulation against loss of heat to an industrial building let by him in the course of the business.
- (3) “Industrial building” means a building or structure which is in use for the purposes of a qualifying trade (within the meaning of Chapter 2 of Part 3).

Textual Amendments

- F2** Word in s. 28(2) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 531](#) (with [Sch. 2](#))
- F3** Words in s. 28(2) inserted (with effect as mentioned in s. 69(2) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 69(1), [Sch. 21 para. 1](#)

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

29 Fire safety

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required fire precautions in respect of premises which he uses for the purposes of the qualifying activity.
- (2) ^{F4}A person takes required fire precautions in respect of premises if—
 - (a) he has been served with a notice under section 5(4) of the Fire Precautions Act 1971 (c. 40) specifying steps to be taken in respect of the premises, and
 - (b) he takes the steps specified in the notice.]
- (3) ^{F4}A person also takes required fire precautions in respect of premises if—
 - (a) he has not been served with a notice by the [^{F5}[^{F6}appropriate] authority] [^{F5}fire and rescue authority] under section 5(4) of the 1971 Act, but has been sent or given a document by or on behalf of the [^{F5}[^{F6}appropriate] authority] [^{F5}fire and rescue authority] that specifies steps that might have been specified in respect of the premises in such a notice, and
 - (b) he takes the steps specified in the document.]
- (4) ^{F4}A person also takes required fire precautions in respect of premises if—
 - (a) he has been served with a prohibition notice under section 10 of the 1971 Act in respect of the premises specifying matters giving rise to a risk of a kind mentioned in subsection (2) of that section, and
 - (b) he takes steps to remedy the matters specified in the prohibition notice.]
- ^{F7}(4A) A person takes required fire precautions in respect of premises if—
 - (a) he has been served with a notice under article 31 of the Regulatory Reform (Fire Safety) Order 2005 (prohibition notices) in respect of the premises specifying matters giving rise to a risk of a kind mentioned in paragraph (1) of that article, and
 - (b) he takes steps to remedy the matters specified in the prohibition notice.]
- (5) This section has effect in relation to Northern Ireland subject to the modifications in subsection (6).
- (6) The modifications are—
 - (a) for the references to section 5(4) of the 1971 Act substitute references to Article 26(4) of the Fire Services (Northern Ireland) Order 1984 (S.I.1984/1821 (N.I.11)),
 - (b) for the reference to section 10 of the 1971 Act substitute a reference to Article 33 of the 1984 Order, and
 - (c) for the references to a fire authority substitute references to the Fire Authority for Northern Ireland.

Textual Amendments

F4

F5 Words in s. 29(3)(a) substituted (E.W.) (1.10.2004 for E., 10.11.2004 for W.) by [Fire and Rescue Services Act 2004 \(c. 21\)](#), s. 61, [Sch. 1 para. 96](#); S.I. 2004/2304, art. 2

F6 Word in s. 29(3)(a) substituted (S.) (2.8.2005) by [The Fire \(Scotland\) Act 2005 \(Consequential Modifications and Amendments\) Order 2005 \(S.S.I. 2005/383\)](#), art. 1, [Sch. 1 para. 11](#)

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- F7** S. 29(4A) inserted (E.W.) (1.10.2006) by [The Regulatory Reform \(Fire Safety\) Order 2005 \(S.I. 2005/1541\)](#), art. 1(3), **Sch. 2 para. 49(b)** (with art. 49) (as amended by [The Regulatory Reform \(Fire Safety\) Subordinate Provisions Order 2006 \(S.I. 2006/484\)](#), **arts. 1(1), 2**)

30 Safety at designated sports grounds

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a sports ground which is—
- (a) designated under section 1 of the Safety of Sports Grounds Act 1975 (c. 52) as requiring a safety certificate, and
 - (b) used by him for the purposes of the qualifying activity.
- (2) A person takes required safety precautions in respect of the sports ground if—
- (a) a safety certificate has been issued under the 1975 Act for the sports ground, and
 - (b) he takes steps necessary for compliance with the terms and conditions of the safety certificate.
- (3) A person also takes required safety precautions in respect of the sports ground if—
- (a) he has been sent or given a document by or on behalf of the local authority for the area in which the sports ground is situated,
 - (b) the document specifies steps which, if taken, would—
 - (i) be taken into account by the local authority in deciding what terms and conditions to include in a safety certificate to be issued under the 1975 Act for the sports ground, or
 - (ii) lead to the amendment or replacement of a safety certificate issued or to be issued under the 1975 Act for the sports ground, and
 - (c) he takes the steps specified in the document.

31 Safety at regulated stands at sports grounds

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a stand at a sports ground—
- (a) the use of which requires a safety certificate under Part III of the Fire Safety and Safety of Places of Sport Act 1987 (c. 27), and
 - (b) which he uses for the purposes of the qualifying activity.
- (2) A person takes required safety precautions in respect of the stand at the sports ground if—
- (a) a safety certificate has been issued under the 1987 Act for the stand, and
 - (b) he takes steps necessary for compliance with the terms and conditions of the safety certificate.
- (3) A person also takes required safety precautions in respect of the stand at the sports ground if—
- (a) he has been sent or given a document by or on behalf of the local authority for the area in which the sports ground is situated,
 - (b) the document specifies steps which, if taken, would—

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (i) be taken into account by the local authority in deciding what terms and conditions to include in a safety certificate to be issued under the 1987 Act for the stand, or
- (ii) lead to the amendment or replacement of a safety certificate issued or to be issued under the 1987 Act for the stand, and
- (c) he takes the steps specified in the document.

32 Safety at other sports grounds

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a sports ground—
 - (a) which is of a kind described in section 1(1) of the Safety of Sports Grounds Act 1975 (c. 52) but in respect of which no designation order under that section is in force at the time when he takes those precautions, and
 - (b) which he uses for the purposes of the qualifying activity,
 and the expenditure is not incurred in respect of a sports ground stand which is within section 31(1)(a).
- (2) A person takes required safety precautions in respect of the sports ground if he takes steps which the relevant local authority certify would have fallen within section 30(2) or (3) if—
 - (a) a designation order under section 1 of the 1975 Act had then been in force, and
 - (b) a safety certificate had then been issued or applied for under the 1975 Act.
- (3) Any provision of regulations made under section 6(1)(b) of the 1975 Act (power of local authorities to charge fees) applies, with the necessary modifications, to the issue of a certificate for the purposes of subsection (2) as it applies to the issue of a safety certificate.
- (4) In subsection (2)—
 - (a) “the relevant local authority” means the local authority for the area in which the sports ground is situated, and
 - (b) “local authority” has the same meaning as in the 1975 Act.

33 Personal security

- (1) This section applies to expenditure if—
 - (a) it is incurred by an individual or partnership of individuals in connection with the provision for, or for use by, the individual, or any of the individuals, of a security asset,
 - (b) the individual or partnership is carrying on a relevant qualifying activity, and
 - (c) the special threat conditions are met.
- (2) The special threat conditions are that—
 - (a) the asset is provided or used to meet a threat which—
 - (i) is a special threat to the individual’s personal physical security, and
 - (ii) arises wholly or mainly because of the relevant qualifying activity,
 and
 - (b) the person incurring the expenditure—
 - (i) has the sole object of meeting that threat in incurring that expenditure,
 and

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

- (ii) intends the asset to be used solely to improve personal physical security.
- (3) If—
- (a) the person incurring the expenditure intends the asset to be used solely to improve personal physical security, but
 - (b) there is another use which is incidental to improving personal physical security,
- that other use is ignored for the purposes of this section.
- (4) The fact that an asset improves the personal physical security of any member of the family or household of the individual concerned, as well as that of the individual, does not prevent this section from applying.
- (5) If—
- (a) the asset is not intended to be used solely to improve personal physical security, but the expenditure incurred on it would otherwise be expenditure to which this section applies, and
 - (b) the person incurring the expenditure intends the asset to be used partly to improve personal physical security,
- this section applies only to the proportion of the expenditure attributable to the intended use to improve personal physical security.
- (6) In this section “security asset” means an asset which improves personal security; and here “asset”—
- (a) does not include—
 - (i) a car, ship or aircraft, or
 - (ii) a dwelling or grounds appurtenant to a dwelling, but
 - (b) subject to paragraph (a), includes equipment, a structure (such as a wall) and an asset which becomes fixed to land.
- (7) Section 81 (extended meaning of “car”) does not apply in relation to subsection (6)(a).
- (8) In this section “relevant qualifying activity” means a qualifying activity consisting of—
- (a) a trade,
 - (b) an ordinary [^{F8}property] business,
 - (c) a furnished holiday lettings business,
 - (d) an overseas property business, or
 - (e) a profession or vocation.

Textual Amendments

- F8** Word in s. 33(8)(b) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 532](#) (with [Sch. 2](#))

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

Exclusion of certain types of expenditure

34 Expenditure by MPs and others on accommodation

- (1) Expenditure is not qualifying expenditure if it is incurred by—
- (a) a member of the House of Commons,
 - (b) a member of the Scottish Parliament,
 - (c) a member of the National Assembly for Wales, or
 - (d) a member of the Northern Ireland Assembly,
- in or in connection with the provision or use of residential or overnight accommodation for the purpose given in subsection (2).
- (2) The purpose is enabling the member to perform the duties of a member of the body in or about—
- (a) the place where the body sits, or
 - (b) the constituency or region for which the member has been returned.

[^{F9}34A Expenditure on plant or machinery for long funding leasing not qualifying expenditure

Expenditure is not qualifying expenditure if it is incurred on the provision of plant or machinery for leasing under a long funding lease (see Chapter 6A).]

Textual Amendments

- F9** S. 34A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 8 para. 3](#)

35 Expenditure on plant or machinery for use in dwelling-house not qualifying expenditure in certain cases

- (1) This section applies if a person is carrying on a qualifying activity consisting of—
- (a) an ordinary [^{F10}property] business,
 - (b) an overseas property business, or
 - (c) special leasing of plant or machinery.
- (2) The person's expenditure is not qualifying expenditure if it is incurred in providing plant or machinery for use in a dwelling-house.
- (3) If plant or machinery is provided partly for use in a dwelling-house and partly for other purposes, such apportionment of the expenditure incurred in providing that plant or machinery is to be made for the purposes of subsection (2) as is just and reasonable.

Textual Amendments

- F10** Word in s. 35(1)(a) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 533](#) (with Sch. 2)

Status: Point in time view as at 19/07/2006.

Changes to legislation: There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations. (See end of Document for details)

[^{F11}36 Restriction on qualifying expenditure in case of employment or office

- (1) Where the qualifying activity consists of an employment or office—
 - (a) expenditure on the provision of a mechanically propelled road vehicle, or a cycle, is not qualifying expenditure, and
 - (b) other expenditure is qualifying expenditure only if the plant or machinery is necessarily provided for use in the performance of the duties of the employment or office.
- (2) In this section “ cycle ” has the meaning given by section 192(1) of the Road Traffic Act 1988.]

Textual Amendments

- F11** S. 36 substituted (with effect as mentioned in s. 59(3)(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 59\(1\)\(3\)\(4\)](#)

37 Exclusion where sums payable in respect of depreciation

- (1) Expenditure incurred by a person in providing plant or machinery for the purposes of a qualifying activity is not qualifying expenditure if it appears—
 - (a) that during the period during which the plant or machinery will be used for the purposes of the qualifying activity sums are, or are to be, payable to that person directly or indirectly, and
 - (b) that those sums are in respect of, or take account of, the whole of the depreciation of the plant or machinery resulting from its use for those purposes.
- (2) Subsection (1) does not apply if the sums fall to be taken into account as income of the person or in calculating the profits of a qualifying activity carried on by him.

38 Production animals etc.

Expenditure is not qualifying expenditure if it is incurred on—

- (a) animals or other creatures to which [^{F12}section 30 or Chapter 8 of Part 2 of ITTOIA 2005 or] Schedule 5 to ICTA (treatment of farm animals etc. for purposes of [^{F13}Part 2 of ITTOIA 2005 or] Case I of Schedule D) applies, or
- (b) shares in such animals or creatures.

Textual Amendments

- F12** Words in s. 38(a) inserted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), , Sch. 1 para. 534\(a\)](#) (with [Sch. 2](#))
- F13** Words in s. 38(a) inserted (with effect in accordance with s. 883(1) of the amending Act)) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), , Sch. 1 para. 534\(b\)](#) (with [Sch. 2](#))

Status:

Point in time view as at 19/07/2006.

Changes to legislation:

There are outstanding changes not yet made by the legislation.gov.uk editorial team to Capital Allowances Act 2001. Any changes that have already been made by the team appear in the content and are referenced with annotations.