



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### [<sup>F1</sup>PART 3 U.K.]

#### INDUSTRIAL BUILDINGS ALLOWANCES

### CHAPTER 7 U.K.]

#### BALANCING ADJUSTMENTS

#### *[<sup>F1</sup> Calculation of balancing adjustments*

#### Textual Amendments

- F1** Pt. 3 omitted (with effect in relation to chargeable periods beginning on or after 1.4.2011 for corporation tax purposes and 6.4.2011 for income tax purposes in accordance with ss. 84(1)(3)(4), 85, 86 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 84\(2\)](#) (with [Sch. 27](#))

### 318 Building an industrial building etc. throughout U.K.]

- (1) This section provides for balancing adjustments where the building was—
  - (a) an industrial building, or
  - (b) used for research and development,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 immediately before the event.
- (3) The amount of the balancing allowance is the amount of—
  - (a) the residue (if there are no proceeds);

---

*Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Calculation of balancing adjustments. (See end of Document for details)*

---

- (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, if any, of qualifying expenditure immediately before the event.
- (5) The amount of the balancing charge is the amount of—
  - (a) the difference, or
  - (b) the proceeds (if the residue is nil).

### **319 Building not an industrial building etc. throughout U.K.**

- (1) This section provides for balancing adjustments where the building was not—
  - (a) an industrial building, or
  - (b) used for research and development,for a part of the relevant period of ownership.
- (2) A balancing allowance is made if—
  - (a) there are no proceeds from the balancing event or the proceeds are less than the starting expenditure, and
  - (b) the net allowances made are less than the adjusted net cost of the building.
- (3) The amount of the balancing allowance is the amount of the difference between the adjusted net cost of the building and the net allowances made.
- (4) A balancing charge is made if the proceeds from the balancing event are equal to or more than the starting expenditure.
- (5) The amount of the balancing charge is an amount equal to the net allowances made.
- (6) A balancing charge is also made if—
  - (a) there are no proceeds from the balancing event or the proceeds are less than the starting expenditure, and
  - (b) the net allowances made are more than the adjusted net cost of the building.
- (7) The amount of the balancing charge is the amount of the difference between the net allowances made and the adjusted net cost of the building.

### **320 Overall limit on balancing charge U.K.**

The amount of a balancing charge made on a person must not exceed the amount of the net allowances made.]

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross  
Heading: Calculation of balancing adjustments.