



Capital Allowances Act 2001

2001 CHAPTER 2

PART 7

KNOW-HOW ALLOWANCES

CHAPTER 3

ALLOWANCES AND CHARGES

457 Determination of entitlement or liability

- (1) Whether a person is entitled to a writing-down allowance or a balancing allowance, or liable to a balancing charge, for a chargeable period is determined separately for each pool of qualifying expenditure and depends on—
 - (a) the available qualifying expenditure in that pool for that period (“AQE”), and
 - (b) the total of any disposal values to be brought into account in that pool for that period (“TDV”).
- (2) If AQE exceeds TDV, the person is entitled to a writing-down allowance or a balancing allowance for the period.
- (3) If TDV exceeds AQE, the person is liable to a balancing charge for the period.
- (4) The entitlement under subsection (2) is to a writing-down allowance except for the final chargeable period when it is to a balancing allowance.
- (5) The final chargeable period is the chargeable period in which the trade is permanently discontinued.