



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

### CHAPTER 4

#### FIRST-YEAR QUALIFYING EXPENDITURE

##### *Types of expenditure which may qualify for first-year allowances*

#### **[<sup>F1</sup>45R Effect of [<sup>F2</sup>failing to comply with ongoing requirements]**

- (1) Expenditure on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45O if, at any relevant time—
  - (a) the primary use to which the plant or machinery is put is other than in an area which, at the time the expenditure was incurred, was a [<sup>F3</sup>special tax site], or
  - (b) the plant or machinery is held for use otherwise than primarily in an area which was a [<sup>F3</sup>special tax site] at that time.
- (2) “Relevant time” means a time within the relevant period when the plant or machinery is owned by—
  - (a) the company that incurred the expenditure, or
  - (b) a person who is, or at any time in that period has been, connected with that company.
- (3) “The relevant period” means the period of 5 years beginning with—
  - (a) the day on which the plant or machinery in question is first brought into use for the purposes of a qualifying activity carried on by the company, or
  - (b) if earlier, the day on which it is first held for such use.

[ The Treasury may by regulations make provision adding, removing or altering, or <sup>F4</sup>(3A) otherwise about, circumstances in which expenditure on the provision of plant or

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*Changes to legislation: There are currently no known outstanding effects for the  
 Capital Allowances Act 2001, Section 45R. (See end of Document for details)*

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machinery is to be treated as never having been first-year qualifying expenditure under section 45O.

- (3B) The power to make regulations under subsection (3A) may be exercised only in relation to expenditure incurred on or after the date on which the regulations come into force.
- (3C) Subsections (3) and (4) of section 45P apply in relation to regulations under subsection (3A) as they apply in relation to regulations under that section.]
- (4) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1) [<sup>F5</sup>or regulations under subsection (3A)].
- (5) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section [<sup>F6</sup>or of regulations under subsection (3A)], that person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.
- (6) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section [<sup>F7</sup>or of regulations under subsection (3A)].]

#### **Textual Amendments**

- F1** Ss. 45O-45R inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [Sch. 22 para. 3](#)
- F2** Words in [s. 45R heading](#) substituted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 16 para. 3\(2\)](#)
- F3** Words in [ss. 45O-45R](#) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), [Sch. 23 para. 11\(b\)](#)
- F4** [S. 45R\(3A\)-\(3C\)](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 16 para. 3\(3\)](#)
- F5** Words in [s. 45R\(4\)](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 16 para. 3\(4\)](#)
- F6** Words in [s. 45R\(5\)](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 16 para. 3\(5\)](#)
- F7** Words in [s. 45R\(6\)](#) inserted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), [Sch. 16 para. 3\(6\)](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 45R.