

SCHEDULES

SCHEDULE 21

FIRST-YEAR ALLOWANCES FOR EXPENDITURE WHOLLY FOR A RING FENCE TRADE

PART 1

PLANT AND MACHINERY

Plant or machinery used for less than five years in a ring fence trade

4 After section 45F insert—

“45G Plant or machinery used for less than five years in a ring fence trade

- (1) Expenditure incurred by a company on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45F if the plant or machinery—
 - (a) is at no time in the relevant period used in a ring fence trade carried on by the company or a company connected with it, or
 - (b) is at any time in the relevant period used for a purpose other than that of a ring fence trade carried on by the company or a company connected with it.
- (2) For the purposes of this section “the relevant period” means whichever of the following periods, beginning with the incurring of the expenditure, first ends, namely—
 - (a) the period ending with the fifth anniversary of the incurring of the expenditure, or
 - (b) the period ending with the day preceding the first occasion on which the plant or machinery, after becoming owned by the company which incurred the expenditure, is not owned by a company which is either that company or a company connected with it.
- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).
- (4) 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, he must give notice to the Inland Revenue specifying how the return needs to be amended.
- (5) 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.
- (6) In this section “ring fence trade” has the same meaning as in section 45F.”

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 2002, Paragraph 4.