



Finance Act 2003

2003 CHAPTER 14

PART 7

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX: GENERAL

Capital allowances and related matters

164 Avoidance affecting proceeds of balancing event

- (1) In Chapter 5 of Part 12 of the Capital Allowances Act 2001 (c. 2) (miscellaneous supplementary provisions), after section 570 insert—

“Anti-avoidance

570A Avoidance affecting proceeds of balancing event

- (1) This section applies where an event occurs in relation to an asset (a “balancing event”) as a result of which a balancing allowance would (but for this section) fall to be made to a person (“the taxpayer”) under Part 3, 4, 4A, 5 or 10.
- (2) The taxpayer is not entitled to any balancing allowance if, as a result of a tax avoidance scheme, the amount to be brought into account as the proceeds from the event is less than it would otherwise have been.
- (3) In subsection (2) a “tax avoidance scheme” means a scheme or arrangement the main purpose, or one of the main purposes, of which is the obtaining of a tax advantage by the taxpayer.
- (4) Where this section applies to deny a balancing allowance, the residue of qualifying expenditure immediately after the balancing event is nevertheless calculated as if the balancing allowance had been made.
- (5) In this section as it applies for the purposes of Part 5 (mineral extraction allowances)—

Changes to legislation: Finance Act 2003, Cross Heading: Capital allowances and related matters is up to date with all changes known to be in force on or before 19 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (a) the references to the proceeds from the balancing event that are to be brought into account shall be read as references to the disposal value to be brought into account, and
 - (b) the reference to the residue of qualifying expenditure shall be read as a reference to the unrelieved qualifying expenditure.”.
- (2) This section applies in relation to any balancing event (within the meaning of section 570A, inserted by subsection (1) above) occurring on or after 27th November 2002, except where the event—
- (a) occurs in pursuance of a contract entered into before that date, and
 - (b) does not occur in consequence of the exercise on or after that date of an option, right of pre-emption or similar right.

F1 165 Extension of first-year allowances for ICT expenditure by small enterprises

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Textual Amendments

F1 S. 165 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(6)(b)** (with [s. 76\(7\)\(8\)](#))

F2 166 Expenditure on software for sub-licensing

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Textual Amendments

F2 S. 166 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(6)(b)** (with [s. 76\(7\)\(8\)](#))

167 First-year allowances for expenditure on environmentally beneficial plant or machinery

Schedule 30 to this Act (first-year allowances for expenditure on environmentally beneficial plant or machinery) has effect in relation to expenditure incurred on or after 1st April 2003.

F3 168 Relief for research and development

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Textual Amendments

F3 S. 168 repealed (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 3 Pt. 1** (with [Sch. 2 Pts. 1, 2](#))

169 Tonnage tax: extension of capital allowance restrictions on lessors of ships

Schedule 32 to this Act (tonnage tax: restrictions on capital allowances for lessors of ships) has effect.

Changes to legislation:

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Changes and effects yet to be applied to :

- specified provision(s) savings for amendments by 2018 anaw 1, s. 6, Sch. 6 by [S.I. 2019/110 reg. 5](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 57(3) inserted by [2011 c. 11 Sch. 22 para. 4](#)
- s. 87(3)(a)(ia) inserted by [S.I. 2003/2760 Sch. para. 3\(4\)\(a\)](#) (This amendment not applied to [legislation.gov.uk](#). The affecting S.I. is revoked and superseded by [S.I. 2003/2816](#))
- Sch. 12 para. 3(2)(aa) inserted by [2007 asp 3 Sch. 5 para. 32](#) (This effect was superseded by the repeal of Sch. 12 para. 3 by Finance Act 2008 (c. 9), s. 129(4), Sch. 43 para. 16)
- Sch. 12 para. 1A inserted by [2007 c. 15 Sch. 13 para. 147\(2\)](#) (The amending provision was repealed before coming into force.)
- Sch. 12 para. 1A omitted by [2008 c. 9 Sch. 43 para. 9](#) (The amending provision was repealed before coming into force.)