



# Finance Act 2016

## 2016 CHAPTER 24

### PART 3

#### INCOME TAX AND CORPORATION TAX

##### *Capital allowances*

#### **70 Capital allowances: anti-avoidance relating to disposals**

- (1) Part 2 of CAA 2001 (plant and machinery allowances) is amended as follows.
- (2) Section 213 (relevant transactions: sale, hire purchase etc. and assignment) is amended in accordance with subsections (3) and (4).
- (3) In subsection (1) for the words from “enters” to “(“S”)” substitute “ and another person (“S”) enter into a relevant transaction ”.
- (4) After subsection (3) insert—
  - “(4) For the purposes of this Chapter, references to the disposal value of the plant or machinery under a relevant transaction are references to the disposal value that is to be brought into account by S as a result of the sale, contract or assignment in question.”
- (5) Section 215 (transactions to obtain tax advantages) is amended in accordance with subsections (6) to (8).
- (6) In subsection (1)—
  - (a) after “restricted” insert “ , and balancing charges are imposed or increased, ”, and
  - (b) for the words from “B” to “S” substitute “ B and S enter into a relevant transaction ”.
- (7) In subsection (4)—
  - (a) after “includes” insert “—

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*Changes to legislation: Finance Act 2016, Section 70 is up to date with all changes known to be in force on or before 13 August 2023. 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*

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- (a)”,
- and
- (b) at end insert “, and
- (b) avoiding liability for the whole or part of a balancing charge to which a person would otherwise be liable.”
- (8) After subsection (4) insert—
  - “(4A) If the tax advantage relates to the disposal value of the plant or machinery under the relevant transaction (whether by obtaining a more favourable allowance or by avoiding the whole or part of a balancing charge) then—
    - (a) the applicable section is section 218ZB, and
    - (b) the tax advantage is to be disregarded for the purposes of subsection (6) and (8)(b).”
- (9) After section 218ZA (restrictions on writing down allowances: section 215) insert—

**“218ZB Disposal values: section 215**

- (1) If—
  - (a) this section applies as a result of section 215,
  - (b) a payment is payable to any person under the transaction, scheme or arrangement mentioned in that section,
  - (c) some or all of the payment would not (apart from this section) be taken into account in determining the disposal value of the plant or machinery under the relevant transaction, and
  - (d) as a result of the matters mentioned in paragraphs (b) and (c) S would otherwise obtain a tax advantage as mentioned in section 215(3) and (4),

the disposal value of the plant or machinery under the relevant transaction is to be adjusted in a just and reasonable manner so as to include an amount representing so much of the payment as would or would in effect cancel out the tax advantage.
- (2) In subsection (1) “payment” includes the provision of any benefit, the assumption of any liability and any other transfer of money or money's worth, and “payable” is to be construed accordingly.”
- (10) In section 66 (list of provisions outside Chapter 5 about disposal values) insert at the appropriate place—

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“section 218ZB	disposal of plant or machinery in avoidance cases”.
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- (11) The amendments made by this section have effect in relation to transactions mentioned in section 213(1)(a), (b) or (c) of CAA 2001 that take place on or after 25 November 2015.

**Changes to legislation:**

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**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):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)