SCHEDULES

SCHEDULE 5

Section 30

STRUCTURES AND BUILDINGS ALLOWANCES

Introduction

1 CAA 2001 is amended as follows.

Research and development allowances

2 In Part 2A (structures and buildings allowances), for section 270EC substitute—

"**270EC Research and development**

(1) This section applies if, at any time, a person sells the relevant interest in a building or structure to another.

(2) The total amount of the allowances under this Part by reference to the building or structure that is available to the person buying the relevant interest is reduced (but not below nil) by the amount of any Part 6 allowance to which the person is entitled by reference to the building or structure.

(3) There is another restriction on the total amount of those allowances which applies if—

(a) the sale in question, or a sale of the relevant interest at an earlier time, is by a person entitled to a Part 6 allowance by reference to the building or structure, and

(b) the amount paid for the relevant interest on any of those sales is less than the ordinary Part 2A amount (see subsection (6)).

(4) The other restriction is that the total amount of the allowances under this Part by reference to the building or structure that is available to the person buying the relevant interest may not exceed the permitted maximum.

(5) For this purpose "the permitted maximum" is—

(a) the lowest sum paid for the relevant interest on the sale in question or any earlier sale within subsection (3)(a), less

(b) the total amount of the allowances under this Part arising by reference to the building or structure since the earliest sale identified for the purposes of paragraph (a) of this subsection.

(6) In this section "the ordinary Part 2A amount" means—

(a) the amount of the qualifying expenditure, by reference to which an allowance can be made under this Part, incurred in relation to the building or structure before the time of the sale in question, less

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(b) the total amount of the allowances under this Part arising before that time by reference to the building or structure.

(7) In this section any reference to allowances under this Part is to allowances to which an entitlement has arisen under this Part or would have arisen under this Part if the building or structure had been in continuous qualifying use since it was first brought into non-residential use.

(8) In this section "Part 6 allowance", in relation to a person and a building or structure, means an allowance under Part 6 in respect of expenditure incurred by the person on its construction or acquisition."

Contribution allowances

3 (1) Section 538A (contributions: buildings and structures) is amended as follows.

(2) For subsection (3)(b) substitute—

"(b) the building or structure were brought into qualifying use, for the purposes of the allowance in relation to the contribution, on—

(i) the day on which R first brought the building or structure into qualifying use, or

(ii) if R is a public body, the earlier of the day mentioned in sub-paragraph (i) and the day on which R first brought the building or structure into non-residential use."

(3) For subsection (4) substitute—

"(4) If, at any time in the period beginning with the day on which C made the contribution and ending with the day on which R first brought the building or structure into non-residential use, C did not have a relevant interest in the building or structure—

(a) C is to be treated for the purposes of allowances under Part 2A as having had a relevant interest in the building or structure when that period begins, and

(b) C is not to be treated for those purposes as ceasing to have that interest on any subsequent sale of R's relevant interest in the building or structure."

(4) After subsection (6) insert—

"(7) In determining, for the purposes of this section, the day on which R first brings a building or structure into non-residential use, ignore any use of the building or structure which is insignificant."

Minor amendments

4 In section 270AA(2) (entitlement to structures and buildings allowances), at the beginning of paragraph (b)(i) insert " on or ".

5 In section 270BB (capital expenditure incurred on construction), in subsection (2)(a), for "qualifying use" substitute " non-residential use ".

6 In section 270BL (apportionment of sums partly referable to non-qualifying assets), for "qualifying expenditure" substitute " expenditure for which an allowance can be made under this Part ".

7 In section 270IA (evidence of qualifying expenditure etc), in subsection (4)(a), omit "written".

Commencement

8 The amendment made by paragraph 2 has effect in the case of any sale within subsection (1) of the substituted section 270EC(1) of CAA 2001 that takes place on or after 11 March 2020.

9 The amendments made by paragraph 3 have effect in relation to contributions made on or after 11 March 2020.

10 Part 2A of CAA 2001 has effect, and is to be deemed always to have had effect, with the amendments made by paragraphs 4 to 7.

Changes to legislation:
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