



Capital Allowances Act 1990

1990 CHAPTER 1

PART I

INDUSTRIAL BUILDINGS AND STRUCTURES

CHAPTER I

INITIAL ALLOWANCES

1 Buildings and structures in enterprise zones

- (1) Subject to the provisions of this Act, in any case where—
- (a) a person incurs capital expenditure on the construction of a building or structure which is to be an industrial building or structure occupied for the purposes of a trade carried on either by that person or by such a lessee as is mentioned in subsection (3) below, and
 - (b) the expenditure is incurred, or is incurred under a contract entered into, at a time when the site of the industrial building or structure is in an enterprise zone, being a time not more than 10 years after the site was first included in the zone,

there shall be made to the person who incurred the expenditure, for the chargeable period which is that related to the incurring of the expenditure, an allowance (“an initial allowance”) equal to 100 per cent. of the amount of that expenditure.

- (2) In this section, and in Chapter III as it applies for the purposes of this section, any reference to an industrial building or structure shall include a reference to a commercial building or structure.
- (3) The lessees mentioned in subsection (1) above are lessees occupying the building or structure on the construction of which the expenditure was incurred under a lease to which the relevant interest is reversionary.

Status: This is the original version (as it was originally enacted).

- (4) The reference in subsection (1) above to the occupation of a building or structure for the purposes of a trade carried on by the person who incurred the capital expenditure on the construction of that building or structure shall include a reference to the use of that building or structure for the purposes of a trade carried on by a licensee of that person or of a lessee of that person.

This subsection does not apply in relation to licences granted before 10th March 1982.

- (5) A person making a claim by virtue of subsection (1) above as it applies for income tax purposes may require the initial allowance to be reduced to a specified amount; and a company may by notice given to the inspector not later than two years after the end of the chargeable period for which the allowance falls to be made disclaim the initial allowance or require it to be reduced to a specified amount.
- (6) Notwithstanding anything in subsection (1) above, no initial allowance shall be made in respect of any expenditure if, when the building or structure comes to be used, it is not an industrial building or structure, and where an initial allowance has been granted in respect of any expenditure otherwise than in accordance with the provisions of this section all such assessments shall be made as are necessary to secure that effect is given to those provisions.
- (7) No initial allowance shall be made in respect of so much of any expenditure (or be made by virtue of section 154 in respect of a proportionate part of any contribution towards such expenditure) as is taken into account for the purposes of—
- (a) a grant made under section 32, 34 or 56(1), or a payment made under section 56(2), of the Transport Act 1968, or
 - (b) a grant made under section 12 of the London Regional Transport Act 1984, made towards that expenditure, being a grant or payment declared by the Treasury by order to be relevant for the purposes of the withholding of initial allowances.
- (8) If any such grant or payment is made after the making of an initial allowance, that allowance shall to that extent be withdrawn; and where the amount of the grant or payment is repaid in whole or in part by the grantee to the grantor, then to the extent to which it has been so repaid it shall be deemed never to have been made.
- (9) All such assessments or adjustments of assessments to tax shall be made as may be necessary in consequence of subsection (8) above and, notwithstanding any other provision, the time within which such an assessment or adjustment may be made shall not expire before the expiration of three years from the end of the chargeable period in which the grant, payment or repayment in question was made.
- (10) Any expenditure incurred for the purposes of a trade by a person about to carry it on shall, for the purpose only of determining the chargeable period for which an allowance may be made in respect of that expenditure under subsection (1) above, be treated as if it had been incurred by that person on the first day on which he does carry it on, and, except for that purpose, expenditure shall not be treated as having been incurred after the date on which it was in fact incurred by virtue of section 10(1).