



# Capital Allowances Act 1990

## 1990 CHAPTER 1

### PART I

#### INDUSTRIAL BUILDINGS AND STRUCTURES

#### CHAPTER III

##### PROVISIONS SUPPLEMENTARY TO CHAPTERS I AND II

#### **10 Purchases of buildings and structures**

- (1) Where expenditure is incurred on the construction of a building or structure and, before that building or structure is used, the relevant interest in it is sold—
  - (a) the expenditure actually incurred on the construction of the building or structure shall be left out of account for the purposes of sections 1 to 8, but
  - (b) subject to subsection (2) below, the person who buys that interest shall be deemed for those purposes to have incurred, on the date when the purchase price becomes payable, expenditure on the construction of the building or structure equal to that actual expenditure or to the net price paid by him for that interest, whichever is the less.
- (2) Where the relevant interest in the building or structure is sold more than once before the building or structure is used, paragraph (b) of subsection (1) above shall have effect only in relation to the last of those sales.
- (3) Where the expenditure incurred on the construction of a building or structure was incurred by a person carrying on a trade which consists, in whole or in part, in the construction of buildings or structures with a view to their sale, and, before the building or structure is used, he sells the relevant interest in it in the course of that trade, or, as the case may be, of that part of that trade, paragraph (b) of subsection (1) above shall have effect subject to the following modifications, that is to say—

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*Status: This is the original version (as it was originally enacted).*

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- (a) if that sale is the only sale of the relevant interest before the building or structure is used, paragraph (b) shall have effect as if the words “that actual expenditure or to” and “whichever is the less” were omitted; and
  - (b) in any other case, paragraph (b) shall have effect as if the reference to the expenditure actually incurred on the construction of the building or structure were a reference to the price paid on that sale.
- (4) Subsection (5) below applies where—
- (a) expenditure is incurred on the construction of a building or structure by a person carrying on a trade which consists, in whole or in part, in the construction of buildings or structures with a view to their sale, and
  - (b) after the building or structure has been used, he sells the relevant interest in it in the course of that trade or, as the case may be, of that part of that trade, and
  - (c) the purchase price payable on the sale becomes payable on or after 27th July 1989.
- (5) Where this subsection applies, this Part shall have effect in relation to the person who buys the interest as if—
- (a) the original expenditure had been capital expenditure,
  - (b) all appropriate writing-down allowances had been made to the person incurring it, and
  - (c) all appropriate balancing allowances or charges had been made on the occasion of the sale.