



# Capital Allowances Act 1990

## 1990 CHAPTER 1

### PART VIII

#### SUPPLEMENTARY PROVISIONS

#### **142 Restriction of set-off of allowances against general income**

- (1) Relief shall not be given to an individual under sections 380 and 381 of the principal Act (set-off against general income) by reference to a first-year allowance made to him in respect of expenditure incurred on the provision of machinery or plant for leasing in the course of a trade if—
  - (a) at the time when the expenditure was incurred the trade was carried on by him in partnership with a company (with or without other partners); or
  - (b) a scheme has been effected or arrangements have been made (whether before or after that time) with a view to the trade being so carried on by him.
- (2) Relief shall not be given to an individual under sections 380 and 381 of the principal Act by reference to a first-year allowance if—
  - (a) the allowance is made in connection with—
    - (i) a trade which at the time when the expenditure was incurred was carried on by him in partnership or which has subsequently been carried on by him in partnership or transferred to a person who was connected with him within the meaning of section 839 of the principal Act; or
    - (ii) an asset which after that time has been transferred by him to a person who was connected with him within the meaning of section 839 of the principal Act or, at a price lower than that which it would have fetched if sold in the open market, to any other person; and
  - (b) a scheme has been effected or arrangements have been made (whether before or after that time) such that the sole or main benefit that might be expected to accrue to the individual from the transaction under which the expenditure was incurred was the obtaining of a reduction in tax liability by means of relief under sections 380 and 381 of the principal Act.

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*Status: This is the original version (as it was originally enacted).*

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- (3) Where relief has been given in a case to which subsection (1) or (2) above applies it shall be withdrawn by the making of an assessment under Case VI of Schedule D.
- (4) For the purposes of subsection (1) above letting a ship on charter shall be regarded as leasing it if, apart from this subsection, it would not be so regarded.
- (5) In this section—  
    “first-year allowance” means a first-year allowance under Part II;  
    “trade” includes any activity in connection with which a first-year allowance can be given;  
and any expression defined in section 83 has the meaning given by that section.