



Capital Allowances Act 1990

1990 CHAPTER 1

PART VIII

SUPPLEMENTARY PROVISIONS

154 Allowances in respect of contributions to capital expenditure

- (1) Where a person, for the purposes of a trade carried on or to be carried on by him or by a tenant of land in which he has an interest, contributes a capital sum to expenditure on the provision of an asset, being expenditure which, apart from the provisions of section 153, would have been regarded as wholly incurred by another person and in respect of which, apart from that section, an allowance would have been made under Part I, IV or V, then, subject to section 155, and to the following provisions of this section, such initial allowances and writing-down allowances, if any, shall be made to the contributor as would have been made to him if his contribution had been expenditure on the provision, for the purposes of that trade, of a similar asset.
- (2) Subsection (1) above shall have effect as if the references to initial allowances and writing-down allowances under Part I included references respectively to first-year allowances and writing-down allowances under Part II, but, in its application by virtue of this subsection, modified by substituting the words “of that asset” for the words “of a similar asset”; and for the purposes of any allowance under Part II given by virtue of subsection (1) above in respect of any asset, that asset shall be treated as belonging to the person making the contribution in respect of which the allowance is given at any time when it belongs, or is treated under Part II as belonging, to the recipient of the contribution.
- (3) Subsection (1) above shall not apply where the person making the contribution and the person receiving it are connected persons within the terms of section 839 of the principal Act.
- (4) In relation to any contribution to expenditure incurred by the Crown, or by any public or local authority in the United Kingdom, subsection (1) above shall have effect with the omission of the words from “and in respect” to “or V”.

Status: This is the original version (as it was originally enacted).

- (5) In subsection (1) above and section 155 “trade” includes—
- (a) a profession or vocation, and
 - (b) the occupation of woodlands in the United Kingdom in respect of which the assessment and charge to tax falls to be made under Schedule D by virtue of paragraph 5 of Schedule 6 to the Finance Act 1988.

Paragraph (a) above does not apply in relation to contributions made before 27th July 1989, and paragraph (b) shall cease to have effect on 6th April 1993.