



Capital Allowances Act 1990

1990 CHAPTER 1

PART II

MACHINERY AND PLANT

CHAPTER I

ALLOWANCES AND CHARGES: GENERAL PROVISIONS

22 First-year allowances: transitional relief for regional projects

- (1) Subject to the provisions of this Part, where—
- (a) a person carrying on a trade incurs capital expenditure to which this section applies on the provision of machinery or plant wholly and exclusively for the purposes of the trade, and
 - (b) in consequence of his incurring the expenditure, the machinery or plant belongs to him at some time during the chargeable period related to the incurring of the expenditure,
- there shall be made to him for that period an allowance (“a first-year allowance”) which shall be of an amount equal to the whole of that expenditure.
- (2) This section applies to so much of any expenditure as is certified by the Secretary of State for the purposes of this section to be expenditure which, in his opinion, qualifies for a regional development grant or a grant under Part IV of the relevant Order and consists of the payment of sums on a project—
- (a) either in an area which on 13th March 1984 was a development area, within the meaning of the Industrial Development Act 1982, or in Northern Ireland; and
 - (b) in respect of which a written offer of financial assistance under section 7 or 8 of that Act was made on behalf of the Secretary of State in the period beginning on 1st April 1980 and ending on 13th March 1984 or in respect of

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which a written offer of financial assistance was made in that period by the Highlands and Islands Development Board.

- (3) This section applies to so much of any expenditure as is certified by the Department of Economic Development in Northern Ireland for the purposes of this section to be expenditure which, in the opinion of that Department, qualifies for a grant under Part IV of the relevant Order and consists of the payment of sums on a project—
- (a) in Northern Ireland; and
 - (b) in respect of which a written offer of financial assistance under Article 7 or 8 of the relevant Order was made on behalf of a Department of the Government of Northern Ireland in the period beginning on 1st April 1980 and ending on 13th March 1984 or in respect of which a written offer of financial assistance was made in that period by the Local Enterprise Development Unit.
- (4) Subject to the following provisions of this section, no first-year allowance shall be made in respect of any expenditure—
- (a) if the chargeable period related to the incurring of the expenditure is also the chargeable period related to the permanent discontinuance of the trade; or
 - (b) incurred on the provision of a motor car; or
 - (c) subject to subsections (5), (6) and (11) below, on the provision of machinery or plant for leasing, whether in the course of a trade or otherwise, unless it appears that the machinery or plant will be used for a qualifying purpose in the requisite period and will not at any time in that period be used for any other purpose;
- and section 50 shall apply for the interpretation of paragraph (c) above as it applies for the interpretation of Chapter V of this Part.
- (5) Paragraph (c) of subsection (4) above does not apply to expenditure incurred at any time on the provision of machinery or plant which is to be an integral part of a building or structure if section 1 would apply to expenditure incurred at that time on the construction of that building or structure.
- (6) Nothing in paragraph (c) of subsection (4) above affects expenditure on the provision of vehicles if they are provided wholly or mainly for the use of persons in receipt of—
- (a) mobility allowance under the Social Security Act 1975 or the Social Security (Northern Ireland) Act 1975; or
 - (b) a mobility supplement under a scheme made under the Personal Injuries (Emergency Provisions) Act 1939; or
 - (c) a mobility supplement under an Order in Council made under section 12 of the Social Security (Miscellaneous Provisions) Act 1977; or
 - (d) any payment appearing to the Treasury to be of a similar kind and specified by them by order.
- (7) Where one or more first-year allowances fall to be made for any chargeable period in connection with a trade carried on by a company, the company may, by notice given to the inspector not later than two years after the end of that period, either disclaim the allowance or allowances or require that the amount, or aggregate amount, thereof be reduced to an amount specified in that behalf in the notice; and a claim for one or more first-year allowances to be made for any chargeable period in connection with a trade carried on by a person other than a company may contain a similar requirement as to the amount or aggregate amount thereof.
- (8) No disclaimer or claim under subsection (7) above may be made in respect of any ship.

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- (9) All such assessments or adjustments of assessments shall be made as may be necessary to give effect to subsection (7) above.
- (10) In this section—
- “regional development grant” means a grant under Part II of the Industrial Development Act 1982;
 - “the relevant Order” means the Industrial Development (Northern Ireland) Order 1982;
- and any reference to a particular provision of that Act or Order includes a reference to the corresponding provision of any Act or Order which was in force before and repealed by the Industrial Development Act 1982 or the Industrial Development (Northern Ireland) Order 1982.
- (11) Where expenditure is incurred on the provision of machinery or plant which is fixed to a building or land of which the person who incurs the expenditure is the lessor and the circumstances are such that a transfer of his interest in the building or land would operate to transfer his interest in the machinery or plant, then subsection (4)(c) above shall not preclude the making of a first-year allowance in respect of such expenditure.