



Capital Allowances Act 1990

1990 CHAPTER 1

PART II

MACHINERY AND PLANT

CHAPTER V

LEASED ASSETS AND INEXPENSIVE CARS

45 Joint lessees: old expenditure

- (1) Sections 22(4)(c), 23, 39, 40, 41 and 47 shall have effect in accordance with this section where the expenditure in question is not new expenditure and the machinery or plant is leased to two or more persons jointly.
- (2) Section 39(2)(a) shall not apply at any time when the machinery or plant is leased to two or more persons jointly but if the lessees use the machinery or plant for the purposes of a trade or trades, otherwise than for leasing, it shall be regarded as used for a qualifying purpose if and to the extent to which it appears that the profits or gains of the trade or trades arising throughout the requisite period (or the period of the lease, if shorter) will be chargeable to income tax or corporation tax.
- (3) Where, by virtue of subsection (2) above, a first-year allowance may be made in respect of part only of the expenditure on the provision of any machinery or plant, then, whether or not the machinery or plant continues to be leased to two or more persons jointly, sections 24, 25, 26, 41 and 47 shall have effect as if—
 - (a) that part were expenditure on the provision of a separate item of machinery or plant; and
 - (b) the remainder were expenditure on the provision of another item of machinery or plant;

and there shall be made all such apportionments as are necessary in consequence of this subsection.

Status: This is the original version (as it was originally enacted).

- (4) Where by virtue of subsection (2) above a first-year allowance has been made in respect of the whole or part of the expenditure on the provision of any machinery or plant and at any time in the requisite period while it is leased as mentioned in subsection (1) above no lessee uses it for the purpose of a trade or trades the profits or gains of which are chargeable to income tax or corporation tax, section 47 shall have effect as if the machinery or plant or, as the case may be, the separate item referred to in subsection (3)(a) above had at that time been used otherwise than for a qualifying purpose.
- (5) Where by virtue of subsection (2) above a first-year allowance has been made in respect of the whole or part of the expenditure on the provision of any machinery or plant and at the end of the requisite period the machinery or plant is leased as mentioned in subsection (1) above but subsection (4) has not had effect, then, if it appears that the extent to which the machinery or plant has been used for the purposes of a trade or trades the profits or gains of which are chargeable to income tax or corporation tax is less than that by reference to which the amount of the first-year allowance was determined—
- (a) section 47 shall have effect as if a part of the expenditure corresponding to the reduction in the extent of such use were expenditure on the provision of a separate item of machinery or plant used otherwise than for a qualifying purpose on the last day of that period;
 - (b) any disposal value subsequently brought into account in respect of the machinery or plant under section 24 shall, instead of being apportioned in accordance with subsection (3) above, be apportioned by reference to the extent of such use as determined at the end of that period.
- (6) Where a first-year allowance has been made in respect of expenditure on the provision of machinery or plant otherwise than by virtue of subsection (2) above and the machinery or plant is subsequently leased in the requisite period to two or more persons jointly, subsections (4) and (5) above shall apply as if the first-year allowance had been made by virtue of subsection (2) above and had been so made in respect of the whole expenditure.
- (7) Where the machinery or plant is leased to two or more persons jointly and at least one of the joint lessees is a person falling within section 42(1)(a) and (b) (“a non-resident lessee”)—
- (a) any reference in subsections (2) to (6) above to the requisite period shall be construed in accordance with section 40(4)(b)(ii) whether or not there is also a joint lessee who is not a non-resident lessee;
 - (b) if the circumstances are such that no first-year allowance has been or may be made in respect of any part of the expenditure on the provision of the machinery or plant in question, section 42 shall apply in relation to that expenditure as if all the joint lessees were non-resident lessees; and
 - (c) if, by virtue of subsections (3), (4) or (5) above, sections 24, 25 and 26 have effect (directly or through the operation of section 47) in relation to the whole or any part of the expenditure on the machinery or plant in question, those sections shall have effect, in accordance with section 42(2), as if that expenditure were expenditure falling within section 42(1).