

## SCHEDULES

### SCHEDULE 3

#### TAXATION PROVISIONS

#### PART II

#### CAPITAL ALLOWANCES

##### *Interpretation of Part II*

- 14 (1) In this Part of this Schedule—  
“the 1988 Act” means the Income and Corporation Taxes Act 1988;  
“the Capital Allowances Acts” has the meaning given by section 832(1) of the 1988 Act.
- (2) In any provision of this Part of this Schedule “the prescribed amount”, in relation to any successor company, means such amount as may be specified by the Secretary of State by order for the purposes of that provision in its application to that company.
- (3) This Part of this Schedule shall be construed as one with the Capital Allowances Acts.

##### *Industrial buildings and structures*

- 15 The Secretary of State may, for the purposes of section 3 of the Capital Allowances Act 1990 (writing-down allowances in respect of expenditure on industrial buildings and structures) by order make provision specifying—
- (a) the amount to be taken for the purposes of subsection (3) of that section as the residue, on the date on which a transfer scheme comes into force, of any expenditure in relation to which any property vested in a successor company in accordance with that transfer scheme is a relevant interest for the purposes of that section, and
- (b) the part of the period mentioned in subsection (3) of that section which is to be treated, in relation to any such property, as unexpired on that date.

##### *Machinery and plant*

- 16 For the purposes of Part II of the Capital Allowances Act 1990 (capital allowances in respect of machinery and plant) property which is vested in a successor company in accordance with a transfer scheme shall be treated as if—
- (a) it had been acquired by that company, for the purposes for which it is used by that company on and after the date on which the scheme comes into force, on that date, and

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- (b) capital expenditure of the prescribed amount had been incurred on that date by that company on the acquisition of the property for the purposes mentioned in paragraph (a) above.

*Scientific research*

- 17 (1) For the purposes of Part VII of the Capital Allowances Act 1990 (scientific research), a successor company in which an asset representing allowable scientific research expenditure is vested in accordance with a transfer scheme shall be treated as having incurred, on the date on which the transfer scheme comes into force, expenditure of a capital nature of the prescribed amount on the scientific research in question; and that research shall be taken to have been directly undertaken by the successor company or on its behalf.
- (2) In sub-paragraph (1) above “allowable scientific research expenditure” means expenditure of a capital nature incurred by the Authority on scientific research directly undertaken by the Authority or on their behalf.
- (3) In this paragraph “asset” and “scientific research” have the meaning given by subsection (1) of section 139 of the Capital Allowances Act 1990; and references to expenditure incurred on scientific research shall be construed in accordance with that subsection.

*Patent rights*

- 18 (1) For the purposes of section 520 of the 1988 Act (allowances for expenditure on purchase of patent rights), a successor company in which any patent rights of the Authority are vested in accordance with a transfer scheme shall be treated as having incurred, on the date on which the transfer scheme comes into force, capital expenditure of the prescribed amount on the purchase of those patent rights for use in any trade in which they are, or are to be, used on or after that date.
- (2) In this paragraph “patent rights” has the meaning given by section 533 of the 1988 Act.

*Know-how*

- 19 (1) For the purposes of section 530 of the 1988 Act (disposal of know-how), a successor company in which any know-how of the Authority is vested in accordance with a transfer scheme shall be treated as having incurred, on the date on which the transfer scheme comes into force, capital expenditure of the prescribed amount on the acquisition of that know-how for use in any trade in which it is, or is to be, used on or after that date.
- (2) Subsections (2) and (7) of section 531 of the 1988 Act (provisions supplementary to section 530) shall not apply in relation to any disposal from the Authority to a successor company in accordance with a transfer scheme.
- (3) In this paragraph “know-how” has the meaning given by section 533(7) of the 1988 Act.

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### *Connected persons*

- 20 In Part II of the Capital Allowances Act 1990 (machinery and plant) and Chapter I of Part XIII of the 1988 Act (intellectual property) references to a transaction (however described) between connected persons within the meaning of section 839 of the 1988 Act shall not include references to—
- (a) a transfer to a successor company in accordance with a transfer scheme of any property, rights and liabilities, or
  - (b) the creation in favour of a successor company or the Authority in accordance with a transfer scheme of any interest or right.

### *Orders under Part II*

- 21 (1) The Secretary of State shall not make an order under this Part of this Schedule in relation to any successor company except with the consent of the Treasury and at a time when the company is publicly owned.
- (2) In exercising any power to make an order under this Part of this Schedule in relation to any asset vested in a successor company in accordance with a transfer scheme, the matters to which the Secretary of State shall have regard include such information as he considers appropriate as to the price which the asset would fetch or have fetched if sold on the open market on the date on which the transfer scheme comes into force.
- (3) Any power of the Secretary of State to make an order under this Part of this Schedule—
- (a) shall be exercisable by statutory instrument, and
  - (b) shall include power to make different provision for different cases, including different provision in relation to different assets or descriptions of assets.

### *Modifications of transfer scheme*

- 22 Where the effect of any transfer scheme is modified in pursuance of any agreement which takes effect under paragraph 8(2) of Schedule 1 to this Act, the Capital Allowances Acts and this Part of this Schedule shall have effect as if—
- (a) the scheme originally made had been the scheme as modified, and
  - (b) anything done by or in relation to the person who without the modification became entitled or subject in accordance with the scheme to any property, rights or liabilities had, so far as relating to the property, rights or liabilities to which another person becomes entitled or subject in consequence of the modification, been done by or in relation to that other person.