

*These notes refer to the Capital Allowances Act 2001
(c.2) which received Royal Assent on 22nd March 2001*

CAPITAL ALLOWANCES ACT 2001

EXPLANATORY NOTES

COMMENTARY ON SECTIONS

Glossary

Part 3: Industrial buildings allowances

Chapter 12: Supplementary provisions

Overview

- 1201. This Chapter makes various supplementary provisions for Part 3.
- 1202. [Section 356](#) provides for the apportionment of sale proceeds if only part of the proceeds is in respect of qualifying expenditure.
- 1203. [Section 357](#) is an anti-avoidance provision directed against arrangements which distort pricing.
- 1204. [Section 358](#) deals with certain land requisitioned by the Crown.
- 1205. [Section 359](#) provides rules for when a lease comes to an end.
- 1206. [Section 360](#) defines “lease” and related terms.

Section 356: Apportionment of sums partly referable to non-qualifying assets

- 1207. This section is based on section 21(3) of CAA 1990. It is an additional provision over and above those in Part 12 which apportion sale proceeds between different property. It apportions the proceeds if there is a sale of the relevant interest in a building and only some of the assets represent qualifying expenditure.
- 1208. There is a minor change. Section 21(3) of CAA 1990 refers to an amount which “on a just apportionment is attributable to assets...”. *Subsection (1)* uses the words “on a just and reasonable apportionment is attributable to assets...”. In practice this should not make any difference to the outcome of an apportionment. See *Change 40* in Annex 1.
- 1209. *Subsection (2)* makes clear that this applies not only on the sale of the relevant interest in a building but also to other balancing events which give rise to proceeds. See sections 315 and 316.

Section 357: Arrangements having an artificial effect on pricing

- 1210. This section is based on sections 10D and 151(1A) of CAA 1990. It deals with arrangements which have an artificial effect on pricing.
- 1211. *Subsection (1)* is directed at the sale of a relevant interest at an artificially inflated price. In order to determine qualifying expenditure that price is, broadly speaking, reduced to what it would have been in the absence of the arrangements which had an artificial effect.

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1212. *Subsection (2)* deals similarly with the proceeds from a sale at an artificially inflated price.

Section 358: Requisitioned land

1213. This section is based on section 16(1), (2) and (3) of CAA 1990. It treats a person who is legitimately occupying and trading on requisitioned land as holding an interest in that land.
1214. *Subsection (1)* applies this section for the “period of requisition” when compensation for requisitioned land would be payable under section 2(1)(a) of the Compensation (Defence) Act 1939. It does not matter whether or not agreement has been reached concerning the compensation payable.
1215. *Subsection (2)* provides that for the period of requisition of land by the Crown it is as if the Crown were in possession of the land under a lease.
1216. *Subsection (3)* is concerned with a person who is authorised by the Crown to occupy any part of the land and carries on a trade during the period of requisition. That person is to be treated as holding a sublease of the land from the Crown.
1217. *Subsection (4)* provides that the lease mentioned in subsection (2) or the sublease in subsection (3) is to be regarded as falling within the appropriate provisions of this Part.
1218. *Subsection (5)* deals with a person entitled to the land, who makes a payment in respect of a building constructed on the land during the period of requisition. If the payment is made to the Crown, it is to be treated as in consideration of the surrender of the lease. If the payment is made in accordance with subsection (3) to the occupier, then it is to be treated as the surrender of the sublease.

Section 359: Provision applying on termination of lease

1219. This section is based on section 16(4), (5), (6) and (7) of CAA 1990. It is of general application to this Part whenever a lease is terminated.

Section 360: Meaning of “lease” etc.

1220. This section is based on parts of sections 4A(13), 161(2) and 162 of CAA 1990. It defines terms for Part 3.