



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 12

#### SUPPLEMENTARY PROVISIONS

### CHAPTER 5

#### MISCELLANEOUS

##### *Sales treated as being for alternative amount*

#### **567 Sales treated as being for alternative amount: introductory**

- (1) Sections 568 to 570 apply for the purposes of Parts <sup>F1</sup>... [<sup>F2</sup>3A,]<sup>F1</sup>... <sup>F3</sup>... 5, 6 and 10.
- (2) For the purposes of sections 568 to 570, the control test is met if—
  - (a) the buyer is a body of persons over whom the seller has control,
  - (b) the seller is a body of persons over whom the buyer has control,
  - (c) both the seller and the buyer are bodies of persons and another person has control over both of them, or
  - (d) the seller and the buyer are connected persons.
- (3) In subsection (2) “ body of persons ” includes a partnership.
- (4) For the purposes of sections 568 to 570, the tax advantage test is met if it appears that the sole or main benefit which might be expected to accrue from—
  - (a) the sale, or
  - (b) transactions of which the sale is one,is the obtaining of a tax advantage by all or any of the parties under any provision of this Act except Part 2.
- (5) Sections 568 to 570 do not apply if section 561 applies ([<sup>F4</sup>transfer or division of UK business]).

*Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Sales treated as being for alternative amount. (See end of Document for details)*

### Textual Amendments

- F1** Word in s. 567(1) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 14](#)
- F2** Word in s. 567(1) inserted (with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 6 para. 7](#); [S.I. 2007/949](#), art. 2
- F3** Word in s. 567(1) omitted (with effect in accordance with Sch. 39 para. 40 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 38\(4\)](#) (with [Sch. 39 paras. 41, 42](#))
- F4** Words in s. 567(5) substituted (31.12.2020) by [The Taxes \(Amendments\) \(EU Exit\) Regulations 2019 \(S.I. 2019/689\)](#), regs. 1, [10\(7\)](#) (with [regs. 39-41](#)); 2020 c. 1, [Sch. 5 para. 1\(1\)](#)

### Modifications etc. (not altering text)

- C1** Ss. 567-570 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 4\(4\)](#); [S.I. 2005/1444](#), art. 2(1), [Sch. 1](#)
- C2** Ss. 567-570 excluded (E.W.S.) (24.7.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 24\(4\)](#); [S.I. 2005/1909](#), art. 2, [Sch.](#)
- C3** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 21\(6\)](#)
- C4** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 38\(6\)](#)

## 568 Sales treated as being at market value

- (1) A sale of property that is not at market value is treated as being at market value if—
- the control test is met, or
  - the tax advantage test is met.
- (2) This section is subject to any election under section 569.

### Modifications etc. (not altering text)

- C1** Ss. 567-570 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 4\(4\)](#); [S.I. 2005/1444](#), art. 2(1), [Sch. 1](#)
- C2** Ss. 567-570 excluded (E.W.S.) (24.7.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 24\(4\)](#); [S.I. 2005/1909](#), art. 2, [Sch.](#)
- C3** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 21\(6\)](#)
- C4** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 38\(6\)](#)

## 569 Election to treat sale as being for alternative amount

- (1) The parties to a sale of property that is not for the alternative amount may elect for the sale to be treated as being for the alternative amount if—
- the control test is met or section 573 applies (transfers treated as sales), and
  - the tax advantage test is not met.
- (2) Subsection (1) is subject to section 570.
- (3) The alternative amount is the lower of market value and—
- if the sale is relevant for the purposes of Part <sup>F5</sup>...10, the residue of the qualifying expenditure immediately before the sale;
  - if the sale is relevant for the purposes of Part 5, the unrelieved qualifying expenditure immediately before the sale;

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- (c) if the sale is relevant for the purposes of Part 6—
- (i) in a case where an allowance under Part 6 is given for the expenditure represented by the asset sold, nil;
  - (ii) in any other case, the qualifying expenditure represented by the asset sold.
- (4) In subsection (3) “ residue of qualifying expenditure ”, “ unrelieved qualifying expenditure ” and “ qualifying expenditure ” have the same meaning as in the Part for the purposes of which the sale is relevant.
- (5) If the sale—
- (a) is relevant for the purposes of Part <sup>F6</sup>...10, and
  - (b) is treated as being for the residue of the qualifying expenditure immediately before the sale,
- no balancing adjustment is to be made as a result of the sale under section <sup>F7</sup>...517 (building not a qualifying dwelling-house throughout).
- (6) If, after the date of the sale, an event occurs as a result of which a balancing charge would have fallen to be made on the seller if—
- (a) he had continued to own the property, and
  - (b) he had done all such things, and been allowed all such allowances, as were done by or allowed to the buyer,
- the balancing charge is to be made on the buyer.
- (7) All such assessments and adjustments of assessments are to be made as are necessary to give effect to the election.
- (8) For the purposes of this section and section 570, a sale is relevant for the purposes of a Part if it is of property of a kind that is relevant for deciding whether an allowance or charge is made under that Part.

#### Textual Amendments

- F5** Words in s. 569(3)(a) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 15\(a\)](#)
- F6** Words in s. 569(5)(a) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 15\(a\)](#)
- F7** Words in s. 569(5) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 15\(b\)](#)

#### Modifications etc. (not altering text)

- C1** Ss. 567-570 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 4\(4\)](#); [S.I. 2005/1444](#), art. 2(1), [Sch. 1](#)
- C2** Ss. 567-570 excluded (E.W.S.) (24.7.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 24\(4\)](#); [S.I. 2005/1909](#), art. 2, [Sch.](#)
- C3** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 21\(6\)](#)
- C4** Ss. 567-570 excluded (22.7.2008) by [Crossrail Act 2008 \(c. 18\)](#), [Sch. 13 para. 38\(6\)](#)

## 570 Elections: supplementary

- (1) Section 569(1) does not apply to a sale that is relevant for the purposes of [<sup>F8</sup>3A]<sup>F9</sup>...  
<sup>F10</sup>  
....

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- (2) No election under section 569 may be made if—
- (a) the circumstances of the sale or the parties to it mean that a relevant allowance or charge will not be capable of falling to be made, or
  - (b) the buyer is a dual resident investing company.
- (3) In subsection (2)(a) “ relevant allowance or charge ” means an allowance or charge under Part <sup>F11</sup>... 5, 6, 9 or 10 which (ignoring the circumstances mentioned in subsection (2)(a)) would or might fall to be made, as a result of the sale, to or on any of the parties to it.
- (4) If the sale is relevant for the purposes of Part 10, no election under section 569 may be made unless, at the time of the sale or any earlier time, both the seller and the buyer are or have been approved bodies (as defined in section 492).
- (5) An election under section 569 must be made by notice to [<sup>F12</sup>an officer of Revenue and Customs] not later than 2 years after the sale.

#### Textual Amendments

- F8** Word in s. 570(1) inserted (with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\)](#), [Sch. 6 para. 8](#); S.I. 2007/949, art. 2
- F9** Word in s. 570(1) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 16\(a\)](#)
- F10** Words in s. 570(1) omitted (with effect in accordance with Sch. 39 para. 40 of the amending Act) by virtue of [Finance Act 2012 \(c. 14\)](#), [Sch. 39 para. 38\(5\)](#) (with [Sch. 39 paras. 41, 42](#))
- F11** Word in s. 570(3) omitted (with effect in accordance with Sch. 27 para. 30(1) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 27 para. 16\(b\)](#)
- F12** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

#### Modifications etc. (not altering text)

- C1** Ss. 567-570 excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 4\(4\)](#); S.I. 2005/1444, art. 2(1), Sch. 1
- C2** Ss. 567-570 excluded (E.W.S.) (24.7.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 24\(4\)](#); S.I. 2005/1909, art. 2, Sch.
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