



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 12

SHIPS

Qualifying ships

151 Basic meaning of qualifying ship

- (1) For the purposes of the deferment rules, a ship is a qualifying ship if it is—
 - (a) of a sea-going kind, and
 - (b) registered as a ship with a gross tonnage of 100 tons or more in a register of shipping established and maintained under the law of any country or territory.
- (2) This is subject to sections 152 to 154.

152 Ships under 100 tons

- (1) This section applies if the relevant disposal event is, or results from—
 - (a) the total loss of the old ship, or
 - (b) damage to the old ship that puts it in a condition in which it is impossible, or not commercially worthwhile, to undertake the repairs required for restoring it to its previous use.
- (2) A registered ship may be a qualifying ship for the purposes of—
 - (a) section 136(b) (further conditions for deferment), or
 - (b) sections 146(3)(b) and 149(1)(a) (expenditure on new shipping),even if it is not registered as a ship with a gross tonnage of 100 tons or more.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Qualifying ships. (See end of Document for details)

- (3) In subsection (2) “registered ship” means a ship registered in a register of shipping established and maintained under the law of any country or territory.

153 Ships which are not qualifying ships

- (1) A ship is not a qualifying ship if the primary use to which ships of the same kind as that ship are put—
- (a) by the persons who own them, or
 - (b) by others to whom they are made available,
- is use for sport or recreation.

[^{F1}(2) A ship is not a qualifying ship at any time when it is an offshore installation.]

[^{F2}(3)

Textual Amendments

- F1** S. 153(2) substituted (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#) , [Sch. 27 para. 9\(2\)](#)
- F2** S. 153(3) repealed (with effect in accordance with Sch. 27 para. 11 of the amending Act) by [Finance Act 2004 \(c. 12\)](#) , [Sch. 27 para. 9\(3\)](#) , [42 Pt. 2\(19\)](#)

154 Further registration requirement

- (1) If—
- (a) a person (“A”) has incurred expenditure on the provision of a ship, and
 - (b) there is a time in the qualifying period, but more than 3 months after the beginning of that period, when the ship is not registered in a relevant register,
- the ship is not a qualifying ship after that time.
- (2) The qualifying period is—
- (a) the period of 3 years beginning with the time when the ship is first brought into use for the purposes of a qualifying activity carried on—
 - (i) by A, or
 - (ii) if earlier, by a person connected with A, or
 - (b) if shorter, the period beginning with that time and ending when neither A nor a person connected with A owns the ship.
- (3) In determining the qualifying period for the old ship, a qualifying activity carried on at any time by a person (“B”) is taken to be carried on at that time by a person connected with A if—
- (a) it is subsequently carried on by A or a person connected with A, and
 - [^{F3}(b) the only changes in the persons carrying it on between the time that B does so and the time that A or a person connected with A does so are changes—
 - (i) which do not involve all of the persons carrying it on before the changes permanently ceasing to carry it on, or
 - (ii) in respect of which the qualifying activity is treated as continuing under [^{F4}section 948 of CTA 2010].]

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Qualifying ships. (See end of Document for details)

- (4) In this section “relevant register” means a register of shipping established and maintained—
- (a) under the laws of any part of the British Islands, or
 - (b) under the laws of any country or territory which, at a time in the qualifying period for the ship, is an EEA State or a colony.
- (5) “EEA State” means a State which is a contracting party to the Agreement on the European Economic Area signed at Oporto on 2nd May 1992 as adjusted by the Protocol signed at Brussels on 17th March 1993 (except that for the period before the Agreement came into force in relation to Liechtenstein it does not include the State of Liechtenstein).

Textual Amendments

- F3** S. 154(3)(b) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 542](#) (with [Sch. 2](#))
- F4** Words in s. 154(3)(b)(ii) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 339](#) (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross
Heading: Qualifying ships.