



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 16

PARTIAL DEPRECIATION SUBSIDIES

209 Meaning of “partial depreciation subsidy”

In this Chapter “partial depreciation subsidy” means a sum which—

- (a) is payable directly or indirectly to a person who has incurred qualifying expenditure for the purposes of a qualifying activity,
- (b) is in respect of, or takes account of, part of the depreciation of the plant or machinery resulting from its use for the purposes of that activity, and
- (c) does not fall to be taken into account as income of that person or in calculating the profits of any qualifying activity carried on by him.

210 Reduction of [^{F1}annual investment allowance and] first-year allowances

(1) If—

- (a) a person has incurred qualifying expenditure for the purposes of a qualifying activity carried on by him, and
- (b) it appears that a partial depreciation subsidy is, or will be, payable to him in the period during which the plant or machinery will be used for the purposes of that qualifying activity,

the amount of any [^{F2}annual investment allowance or] first-year allowance in respect of that expenditure must be reduced to an amount which is just and reasonable having regard to the relevant circumstances.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 16. (See end of Document for details)

- (2) In calculating for the purposes of section 58 the balance left after deducting a first-year allowance, a reduction under subsection (1) is to be disregarded.

Textual Amendments

- F1** Words in s. 210 heading inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 24 para. 7\(3\)](#)
- F2** Words in s. 210(1) inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 24 para. 7\(2\)](#)

211 Single asset pool etc.

- (1) Qualifying expenditure to which this subsection applies, if allocated to a pool, must be allocated to a single asset pool.
- (2) Subsection (1) applies to qualifying expenditure if a partial depreciation subsidy relating to the plant or machinery has been paid to the person who incurred the expenditure.
- (3) Subsection (4) applies if—
- (a) qualifying expenditure has been allocated to a pool, and
 - (b) a partial depreciation subsidy relating to the plant or machinery is paid to that person.
- (4) For the chargeable period in which the partial depreciation subsidy is paid—
- (a) the person is required to bring a disposal value into account in the pool referred to in subsection (3), and
 - (b) an amount equal to the disposal value is allocated (as expenditure on the plant or machinery) to a single asset pool.
- (5) If qualifying expenditure in respect of any plant or machinery is in a single asset pool under this section, there is no further allocation of that qualifying expenditure because a further partial depreciation subsidy is paid in respect of that plant or machinery.

212 Reduction of allowances and charges on expenditure in single asset pool

- (1) This section applies if expenditure is in a single asset pool under section 211(1) or (4).
- (2) The amount of—
- (a) any writing-down allowance or balancing allowance to which the person is entitled, or
 - (b) any balancing charge to which the person is liable,
- must be reduced to an amount which is just and reasonable having regard to the relevant circumstances.
- (3) In calculating under section 59 the amount of unrelieved qualifying expenditure carried forward, a reduction of a writing-down allowance under subsection (2) is to be disregarded.
- (4) If a person entitled to a writing-down allowance for a chargeable period—
- (a) does not claim the allowance, or
 - (b) claims less than the full amount of the allowance,

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the unrelieved qualifying expenditure carried forward from the period is to be treated as not reduced or (as the case may be) only proportionately reduced.

Changes to legislation:

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