



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 16A

[^{F2}RESTRICTIONS ON ALLOWANCE BUYING]

[^{F1}Relevant excess of allowances

Textual Amendments

- F1** Pt. 2 Ch. 16A inserted (8.4.2010) (with effect in accordance with Sch. 4 para. 5, 6 to the amending Act) by [Finance Act 2010 \(c. 13\)](#), [Sch. 4 para. 2](#)

212J Relevant excess of allowances

- (1) C or P has a relevant excess of allowances in relation to the relevant [^{F3}activity] if—

$$RTWDV > BSV$$

- (2) Section 212K defines RTWDV and section 212L defines BSV.
- (3) References in this Chapter to plant and machinery do not include excluded plant and machinery.
- (4) Plant and machinery is “excluded plant and machinery” if—
- expenditure incurred on the provision of it is not, as a result of section 34A, qualifying expenditure for the purposes of this Part, or

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

- (b) it is, as a result of section 67, treated for the purposes of this Part as owned otherwise than by C or P.

Textual Amendments

F3 Word in s. 212J(1) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 8](#)

212K Relevant tax written-down value

- (1) RTWDV is the relevant tax written-down value and is to be found by adding together amounts 1 and 2.
- (2) Amount 1 is the total amount of any unrelieved qualifying expenditure in respect of plant and machinery contained in—
 - (a) single asset pools,
 - (b) class pools, or
 - (c) the main pool,
 which is available to be carried forward (in accordance with section 59) from the old period and used in calculating the profits of the relevant [^{F4}activity].
- (3) Amount 2 is the total of any qualifying expenditure incurred on the provision of a ship for the purposes of the relevant [^{F5}activity] which, at the end of the old period, is unrelieved by virtue of notice having been given under section 130.
- (4) For the purposes of this Part the amount of unrelieved qualifying expenditure contained in any pool which is available to be carried forward (in accordance with section 59) from the old period and used in calculating the profits of the relevant [^{F6}activity] is to be calculated on the assumptions—
 - (a) that any qualifying expenditure that could have been (but was not) allocated to the pool before the end of the old period had been so allocated at the end of the old period,
 - (b) that any qualifying expenditure prevented from being allocated to the pool by section 58(5) had been so allocated at the end of the old period, and
 - (c) that any transaction taking place on the relevant day that has the effect of reducing the amount of unrelieved qualifying expenditure in the pool had not taken place.
- (5) Where condition C in section 212C is met—
 - (a) references in subsection (2) to any unrelieved qualifying expenditure in respect of plant and machinery contained in a pool which is available to be carried forward (in accordance with section 59) from the old period and used in calculating the profits of the relevant [^{F7}activity], and
 - (b) the reference in subsection (3) to any qualifying expenditure incurred on the provision of a ship for the purposes of the relevant trade which, at the end of the old period, is unrelieved by virtue of notice having been given under section 130,
 are to what it would have been but for the qualifying change.
- (6) In this section “the old period” means the period which is the old period for the purposes of section 212O (or would be if this Chapter applied): see section 212N(3).

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

- (7) The plant and machinery in respect of which there is unrelieved qualifying expenditure such as is mentioned in subsection (2), or qualifying expenditure such as is mentioned in subsection (3), is referred to in the following provisions as “the relevant plant and machinery”.

Textual Amendments

- F4** Word in s. 212K(2) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 9](#)
- F5** Word in s. 212K(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 9](#)
- F6** Word in s. 212K(4) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 9](#)
- F7** Word in s. 212K(5) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 9](#)

212L Balance sheet value

- (1) BSV is the balance sheet value of the relevant plant and machinery and is to be found by adding together the amounts (if any) which would be shown in respect of it in the appropriate balance sheet of C or P.
- (2) For this purpose the amounts shown in the appropriate balance sheet in respect of the relevant plant or machinery are—
- the amounts shown in that balance sheet as the net book value (or carrying amount) in respect of it, and
 - the amounts shown in that balance sheet as the net investment in respect of finance leases of it.
- (3) If—
- any of the relevant plant or machinery is a fixture in any land, and
 - the amount which falls (or would fall) to be shown in the appropriate balance sheet as the net book value (or carrying amount) of the land would include an amount in respect of the fixture,
- the amount of the net book value (or carrying amount) in respect of the fixture is determined on a just and reasonable basis.
- (4) If—
- any of the relevant plant or machinery is subject to a finance lease, and
 - any land or asset which is not plant or machinery is subject to that lease,
- the amount of the net investment in respect of the finance lease of that plant or machinery is determined on a just and reasonable basis.
- (5) In this section any reference to any amount shown in the appropriate balance sheet of C or P is the amount which, assuming that a balance sheet of C or P were drawn up in accordance with subsection (6), would fall to be shown in that balance sheet.
- (6) A balance sheet is drawn up in accordance with this subsection if it is drawn up in accordance with generally accepted accounting practice so as to reflect the position as at the beginning of the relevant day but adjusted to reflect the disposal of any of the relevant plant or machinery which is disposed of on the relevant day.

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

(7) In this section—

“finance lease” means a lease which, in accordance with generally accepted accounting practice, falls (or would fall) to be treated as a finance lease or loan in accounts of C or P;

“fixture”—

- (a) means any plant or machinery that is so installed or otherwise fixed in or to a building or other description of land as to become, in law, part of that building or other land, and
- (b) includes any boiler or water-filled radiator installed in a building as part of a space or water heating system.]

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