



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 16A

[^{F2}RESTRICTIONS ON ALLOWANCE BUYING]

[^{F1}What happens when Chapter applies

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](#)

212N Old and new accounting periods

- (1) The accounting period of C which is current on the relevant day ends with that day and a new accounting period of C begins with the following day (but subject to subsection (2)).
- (2) In a case in which condition A, B or D in section 212C is met and the relevant [^{F3}activity] was, at the beginning of the relevant day, carried on by C in partnership with another company or other companies subsection (1) does not apply but—
 - (a) the period which, for the purposes of Part 17 of CTA 2009, is the accounting period of the partnership current on the relevant day ends with that day, and
 - (b) there begins with the following day a new accounting period—
 - (i) of the partnership, or
 - (ii) where condition D is met and C's relevant percentage share in the relevant trade is nil after the qualifying change, of the company or

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partnership by which the relevant trade is carried on after the relevant change.

- (3) For the purposes of section 212O “the old period” means the accounting period of C or the partnership in which C carries on the relevant [^{F4}activity] which ends with the relevant day.
- (4) For the purposes of section 212P “the new period” means the accounting period—
- (a) of C or that partnership, or
 - (b) where condition D is met and C's relevant percentage share in the relevant [^{F5}activity] is nil after the qualifying change, of the company or partnership by which the relevant [^{F5}activity] is carried on after the relevant change, which begins with the following day.

Textual Amendments

- F3** Word in s. 212N(2) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 10](#)
- F4** Word in s. 212N(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 10](#)
- F5** Word in s. 212N(4) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 10](#)

212O When there is excess of allowances in pool: amount of excess

- (1) Section 212P has effect where C or P has an excess of allowances in any single asset pool, any class pool or the main pool at the end of the old period; and a pool in the case of which there is an excess of allowances is referred to in this section and section 212P as a “relevant pool”.
- (2) For the purposes of this section C or P has an excess of allowances in a pool if—

$$PA > BSVP$$

- (3) In this section and section 212Q—
- PA, in relation to a pool, is the amount specified in section 212K(2) in relation to the pool, and
- BSVP, in relation to a pool, is so much of BSV as, on a just and reasonable apportionment, it is appropriate to attribute to the pool.
- (4) For the purposes of section 212P the amount of the excess of allowances in relation to any relevant pool (“the relevant pool in question”) is the difference between PA and BSVP.
- (5) But if, in relation to any other pool—

$$BSVP > PA$$

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what would otherwise be the amount of the excess of allowances in relation to the relevant pool in question for the purposes of section 212P is reduced by so much of the difference between BSVP and PA as is not taken into account under this subsection in relation to another relevant pool or under section 212Q(8).

212P Effect of excess of allowances on pools

- (1) The unrelieved qualifying expenditure in each relevant pool is to be taken to be reduced at the beginning of the new period by the amount of the excess of allowances in relation to the pool.
- (2) The amount of the excess of allowances is to be treated from the beginning of the new period as if it were qualifying expenditure in a new pool of the same description as the relevant pool (and so subject to the same provisions of this Part, other than this Chapter).
- (3) Where, following the qualifying change, a person ceases to carry on [^{F6}a qualifying activity (or part of a qualifying activity)] and C begins to carry on (whether or not in partnership) [^{F7}that activity (or that part of an activity)] as part of its trade [^{F8}or business], for the purposes of claiming any allowance in respect of qualifying expenditure in the new pool the carrying on of [^{F9}that activity (or that part)] by C is to be regarded as the carrying on of a separate trade [^{F10}or business].
- (4) A loss attributable to an allowance claimed in respect of qualifying expenditure in the new pool may not be set off under section 37[^{F11}, 62 or 66] of CTA 2010 (^{F12}... loss relief against total profits of same or [^{F13}other] accounting period) [^{F14}or section 259 or 260(3) of this Act (special leasing)] otherwise than against the profits of a qualifying activity carried on by C, or any company that is a member of P, at the beginning of the relevant day.
- (5) And the amount of such a loss which may be so set off by any person is not to exceed the amount of the loss which would have been available for such set off by the person but for the qualifying change.
- (6) A loss attributable to an allowance claimed in respect of qualifying expenditure in the new pool may not be set off by way of group relief in accordance with Part 5 of CTA 2010 (surrender of losses by way of group relief) by a company (“the claimant company”) unless it would have been available for such set off but for the qualifying change.
- (7) And the amount of such a loss which is available for such set off by the claimant company is not to exceed the amount of the loss which would have been available for such set off by the claimant company but for the qualifying change.
- (8) Where any activity not carried on by C, or a company that is a member of P, at the beginning of the relevant day would otherwise be regarded for the purposes of corporation tax as forming part of a qualifying activity carried on by C or the member of P at that time it is not to be so regarded for the purposes of subsection (4).
- (9) In a case in which condition C in section 212C is met, the references in subsections (1) and (2) to the beginning of the new period are to the time of the qualifying change (and section 948 of CTA 2010 has effect subject to this section).

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Textual Amendments

- F6** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(a\)](#)
- F7** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(b\)](#)
- F8** Words in s. 212P(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(c\)](#)
- F9** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(d\)](#)
- F10** Words in s. 212P(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(e\)](#)
- F11** Words in s. 212P(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(a\)](#)
- F12** Word in s. 212P(4) omitted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(b\)](#)
- F13** Word in s. 212P(4) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(c\)](#)
- F14** Words in s. 212P(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(d\)](#)

212Q When there are postponed capital allowances

- (1) This section has effect where C or P has relevant postponed capital allowances.
- (2) C or P has relevant postponed capital allowances if amount 2 in section 212K(3) is an amount other than nil.
- (3) Where, following the qualifying change, a person ceases to carry on [^{F15}a qualifying activity (or part of a qualifying activity)] and C begins to carry on (whether or not in partnership) [^{F16}that activity (or that part of an activity)] as part of its trade [^{F17}or business], for the purposes of claiming any allowance in respect of qualifying expenditure such as is mentioned in section 212K(3) the carrying on of [^{F18}that activity (or that part)] by C is to be regarded as the carrying on of a separate trade [^{F19}or business].
- (4) A loss attributable to an allowance claimed in respect of qualifying expenditure such as is mentioned in section 212K(3) may not be set off under section 37[^{F20}, [^{F21}45A,] 62 or 66] of CTA 2010 [^{F22}or section 259 or 260(3) of this Act] otherwise than against the profits of a qualifying activity carried on by C, or any company that is a member of P, at the beginning of the relevant day.
- (5) And the amount of such a loss which may be so set off by any person is not to exceed the amount of the loss which would have been available for such set off by the person but for the qualifying change.
- (6) A loss attributable to an allowance claimed in respect of qualifying expenditure such as is mentioned in section 212K(3) may not be set off [^{F23}by a company (“the claimant company”)] by way of group relief in accordance with Part 5 of CTA 2010 [^{F24}or group relief for carried forward losses in accordance with Part 5A of CTA 2010]^{F25} ... unless it would have been available for such set off but for the qualifying change.

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- (7) And the amount of such a loss which is available for such set off by the claimant company is not to exceed the amount of the loss which would have been available for such set off by the claimant company but for the qualifying change.
- (8) If, in relation to any pool—

$$BSVP > PA$$

what would otherwise be the amount of qualifying expenditure such as is mentioned in section 212K(3) is to be treated for the purposes of this section as reduced by so much of the difference between BSVP and PA in relation to the pool as is not taken into account under section 212O(5) in relation to a relevant pool.

- (9) Where any activity not carried on by C, or a company that is a member of P, at the beginning of the relevant day would otherwise be regarded for the purposes of corporation tax as forming part of a qualifying activity carried on by C or the member of P at that time it is not to be so regarded for the purposes of subsection (4).

Textual Amendments

- F15** Words in s. 212Q(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(2\)\(a\)](#)
- F16** Words in s. 212Q(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(2\)\(b\)](#)
- F17** Words in s. 212Q(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(2\)\(c\)](#)
- F18** Words in s. 212Q(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(2\)\(d\)](#)
- F19** Words in s. 212Q(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(2\)\(e\)](#)
- F20** Words in s. 212Q(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(3\)\(a\)](#)
- F21** Word in s. 212Q(4) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 124\(2\)](#)
- F22** Words in s. 212Q(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 12\(3\)\(b\)](#)
- F23** Words in s. 212Q(6) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 124\(3\)\(a\)](#)
- F24** Words in s. 212Q(6) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 124\(3\)\(b\)](#)
- F25** Words in s. 212Q(6) omitted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by virtue of [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 124\(3\)\(c\)](#)

212R Apportionment of proceeds of disposal of relevant plant and machinery

Any amount required to be brought into account in connection with a disposal event in respect of any relevant plant and machinery is to be apportioned between the new pool and the relevant pool concerned on a just and reasonable basis.

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212S Transactions on relevant day

- (1) This section applies if any plant and machinery is transferred on the relevant day and (apart from subsection (4)(c) of section 212K) the transfer would have the effect of reducing RTWDV (as determined in accordance with that section).
- (2) No person other than C or P is entitled to claim an allowance in respect of the plant or machinery after the transfer.]

Changes to legislation:

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