



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE

Buildings, structures and land

21 Buildings

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on the provision of a building.
- (2) The provision of a building includes its construction or acquisition.
- (3) In this section, “building” includes an asset which—
 - (a) is incorporated in the building,
 - (b) although not incorporated in the building (whether because the asset is moveable or for any other reason), is in the building and is of a kind normally incorporated in a building, or
 - (c) is in, or connected with, the building and is in list A.

List A

Assets treated as buildings

- | | |
|----|--|
| 1. | Walls, floors, ceilings, doors, gates, shutters, windows and stairs. |
| 2. | Mains services, and systems, for water, electricity and gas. |

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- | | |
|----|--|
| 3. | Waste disposal systems. |
| 4. | Sewerage and drainage systems. |
| 5. | Shafts or other structures in which lifts, hoists, escalators and moving walkways are installed. |
| 6. | Fire safety systems. |

(4) This section is subject to section 23.

22 Structures, assets and works

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on—
- (a) the provision of a structure or other asset in list B, or
 - (b) any works involving the alteration of land.

List B

Excluded structures and other assets

- | | |
|----|---|
| 1. | A tunnel, bridge, viaduct, aqueduct, embankment or cutting. |
| 2. | A way, hard standing (such as a pavement), road, railway, tramway, a park for vehicles or containers, or an airstrip or runway. |
| 3. | An inland navigation, including a canal or basin or a navigable river. |
| 4. | A dam, reservoir or barrage, including any sluices, gates, generators and other equipment associated with the dam, reservoir or barrage. |
| 5. | A dock, harbour, wharf, pier, marina or jetty or any other structure in or at which vessels may be kept, or merchandise or passengers may be shipped or unshipped. |
| 6. | A dike, sea wall, weir or drainage ditch. |
| 7. | Any structure not within items 1 to 6 other than— <ol style="list-style-type: none"> (a) a structure (but not a building) within Chapter 2 of Part 3 (meaning of “industrial building”), (b) a structure in use for the purposes of an undertaking for the extraction, production, processing or distribution of gas, and |

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(c) a structure in use for the purposes of a trade which consists in the provision of telecommunication, television or radio services.

(2) The provision of a structure or other asset includes its construction or acquisition.

(3) In this section—

(a) “structure” means a fixed structure of any kind, other than a building (as defined by section 21(3)), and

(b) “land” does not include buildings or other structures, but otherwise has the meaning given in Schedule 1 to the Interpretation Act 1978 (c. 30).

(4) This section is subject to section 23.

23 Expenditure unaffected by sections 21 and 22

(1) Sections 21 and 22 do not apply to any expenditure to which any of the provisions listed in subsection (2) applies.

(2) The provisions are—

section 28 (thermal insulation of ^{F1}...buildings);
^{F2}
...

section 30 (safety at designated sports grounds);

section 31 (safety at regulated stands at sports grounds);

section 32 (safety at other sports grounds);

section 33 (personal security);

[^{F3}section 33A (integral features);]

section 71 (software and rights to software);

section [^{F4}143 of ITTOIA 2005 or section] 40D of F(No.2)A 1992 (election relating to tax treatment of films expenditure).

(3) Sections 21 and 22 also do not affect the question whether expenditure on any item described in list C is, for the purposes of this Act, expenditure on the provision of plant or machinery.

(4) But items 1 to 16 of list C do not include any asset whose principal purpose is to insulate or enclose the interior of a building or to provide an interior wall, floor or ceiling which (in each case) is intended to remain permanently in place.

List C

Expenditure unaffected by sections 21 and 22

1. Machinery (including devices for providing motive power) not within any other item in this list.

2. ^{F5}...Gas and sewerage systems provided mainly—

(a) to meet the particular requirements of the qualifying activity, or

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- (b) to serve particular plant or machinery used for the purposes of the qualifying activity.
3. F6
 . . .
4. Manufacturing or processing equipment; storage equipment (including cold rooms); display equipment; and counters, checkouts and similar equipment.
5. Cookers, washing machines, dishwashers, refrigerators and similar equipment; washbasins, sinks, baths, showers, sanitary ware and similar equipment; and furniture and furnishings.
6. [^{F7}Hoists.]
7. Sound insulation provided mainly to meet the particular requirements of the qualifying activity.
8. Computer, telecommunication and surveillance systems (including their wiring or other links).
9. Refrigeration or cooling equipment.
10. Fire alarm systems; sprinkler and other equipment for extinguishing or containing fires.
11. Burglar alarm systems.
12. Strong rooms in bank or building society premises; safes.
13. Partition walls, where moveable and intended to be moved in the course of the qualifying activity.
14. Decorative assets provided for the enjoyment of the public in hotel, restaurant or similar trades.
15. Advertising hoardings; signs, displays and similar assets.
16. Swimming pools (including diving boards, slides and structures on which such boards or slides are mounted).
17. Any glasshouse constructed so that the required environment (namely, air, heat, light, irrigation and temperature) for the growing of plants is provided

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- automatically by means of devices forming an integral part of its structure.
18. Cold stores.
19. Caravans provided mainly for holiday lettings.
20. Buildings provided for testing aircraft engines run within the buildings.
21. Moveable buildings intended to be moved in the course of the qualifying activity.
22. The alteration of land for the purpose only of installing plant or machinery.
23. The provision of dry docks.
24. The provision of any jetty or similar structure provided mainly to carry plant or machinery.
25. The provision of pipelines or underground ducts or tunnels with a primary purpose of carrying utility conduits.
26. The provision of towers to support floodlights.
27. The provision of—
(a) any reservoir incorporated into a water treatment works, or
(b) any service reservoir of treated water for supply within any housing estate or other particular locality.
28. The provision of—
(a) silos provided for temporary storage, or
(b) storage tanks.
29. The provision of slurry pits or silage clamps.
30. The provision of fish tanks or fish ponds.
31. The provision of rails, sleepers and ballast for a railway or tramway.
32. The provision of structures and other assets for providing the setting for any ride at an amusement park or exhibition.
33. The provision of fixed zoo cages.
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- (5) In item 19 of list C, “caravan” includes, in relation to a holiday caravan site, anything that is treated as a caravan for the purposes of—
- (a) the Caravan Sites and Control of Development Act 1960 (c. 62), or
 - (b) the Caravans Act (Northern Ireland) 1963 (c. 17 (N.I.)).

Textual Amendments

- F1** Word in s. 23(2) omitted (with effect in accordance with s. 71(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 71\(7\)](#)
- F2** Words in s. 23(2) omitted (with effect in accordance with s. 72(4) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 72\(2\)](#)
- F3** Words in s. 23(2) inserted (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 73\(1\)\(a\)](#)
- F4** Words in s. 23(2) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), s. 883\(1\)](#), [Sch. 1 para. 530](#) (with [Sch. 2](#))
- F5** Words in s. 23(4) omitted (with effect in accordance with s. 73(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 73\(1\)\(b\)\(i\)](#)
- F6** Words in s. 23(4) omitted (with effect in accordance with s. 73(6) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 73\(1\)\(b\)\(ii\)](#)
- F7** Word in s. 23(4) substituted (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 73\(1\)\(b\)\(iii\)](#)

24 Interests in land

- (1) For the purposes of this Act, expenditure on the provision of plant or machinery does not include expenditure on the acquisition of an interest in land.
- (2) In this section “land” does not include—
- (a) buildings or other structures, or
 - (b) any asset which is so installed or otherwise fixed to any description of land as to become, in law, part of the land,
- but otherwise has the meaning given in Schedule 1 to the Interpretation Act 1978 (c. 30).
- (3) Subject to subsection (2), “interest in land” has the meaning given by section 175 (definitions in connection with provisions about fixtures).

25 Building alterations connected with installation of plant or machinery

If a person carrying on a qualifying activity incurs capital expenditure on alterations to an existing building incidental to the installation of plant or machinery for the purposes of the qualifying activity, this Part applies as if—

- (a) the expenditure were expenditure on the provision of the plant or machinery, and
- (b) the works representing the expenditure formed part of the plant or machinery.

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Demolition costs

26 Demolition costs

- (1) This section applies if—
 - (a) plant or machinery is demolished, and
 - (b) the last use of the plant or machinery was for the purposes of a qualifying activity.
- (2) If the person carrying on the qualifying activity replaces the plant or machinery with other plant or machinery then, for the purposes of this Part, the net cost of the demolition to that person is treated as expenditure incurred on the provision of the other plant or machinery.
- (3) If the person carrying on the qualifying activity does not replace the plant or machinery, the net cost of the demolition to that person is allocated to the appropriate pool for the chargeable period in which the demolition takes place.
- (4) In subsection (3)—

“the appropriate pool” means the pool to which the expenditure on the demolished plant or machinery has been or would be allocated in accordance with this Part, and

“the net cost of the demolition” means the amount, if any, by which the cost of the demolition exceeds any money received for the remains of the plant or machinery.
- (5) Subsection (3) is subject to section 164(4) ([^{F8}general decommissioning expenditure] before cessation of ring fence trade: election for special allowance).

Textual Amendments

- F8** Words in s. 26(5) substituted (with effect in accordance with s. 109(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 34 para. 3](#)

Expenditure on thermal insulation, safety measures, etc.

27 Application of Part to thermal insulation, safety measures, etc.

- (1) Subsection (2) has effect in relation to expenditure if—
 - (a) it is expenditure to which any of sections 28 to 33 applies, and
 - (b) an allowance under Part 2 or a deduction in respect of the expenditure could not, in the absence of this section, be made in calculating the income from the qualifying activity in question.
- (2) This Part (including in particular section 11(4)) applies as if—
 - (a) the expenditure were capital expenditure on the provision of plant or machinery for the purposes of the qualifying activity in question, and
 - (b) the person who incurred the expenditure owned plant or machinery as a result of incurring it.

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28 Thermal insulation of ^{F9}... buildings

- (1) This section applies to expenditure if a person carrying on a qualifying activity [^{F10}other than an ordinary [^{F11}UK] property business or an [^{F12}ordinary overseas] property business] has incurred it in adding insulation against loss of heat to [^{F13}a] building occupied by him for the purposes of [^{F14}the qualifying activity].
- (2) This section also applies to expenditure if a person carrying on a qualifying activity consisting of an ordinary [^{F11}UK][^{F15}property] business [^{F16}or an [^{F12}ordinary overseas] property business] has incurred it in adding insulation against loss of heat to [^{F17}a] building let by him in the course of the business.
- ^{F18}(2A) Subsection (2) is subject to section 35 (expenditure on plant or machinery for use in dwelling-house not qualifying expenditure).
- (2B) This section does not apply to expenditure within subsection (2) if a deduction for that expenditure is allowable—
- (a) under [^{F19}section 251 of CTA 2009], or
 - (b) under section 312 of ITTOIA 2005,
- (deductions for expenditure on energy-saving items).
- (2C) For the purposes of subsection (2B), whether such a deduction is allowable is to be determined without regard to subsection (1)(e) of the section in question.]
- ^{F20}(3)

Textual Amendments

- F9** Word in s. 28 heading omitted (with effect in accordance with s. 71(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 71\(6\)](#)
- F10** Words in s. 28(1) substituted (with effect in accordance with s. 71(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 71\(2\)\(a\)](#)
- F11** Word in s. 28(1)(2) inserted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 14 para. 12\(7\)\(a\)](#)
- F12** Words in s. 28(1)(2) substituted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\), Sch. 14 para. 12\(7\)\(b\)](#)
- F13** Word in s. 28(1) substituted (with effect in accordance with s. 71(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 71\(2\)\(b\)](#)
- F14** Words in s. 28(1) substituted (with effect in accordance with s. 71(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 71\(2\)\(c\)](#)
- F15** Word in s. 28(2) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\), Sch. 1 para. 531 \(with Sch. 2\)](#)
- F16** Words in s. 28(2) inserted (with effect as mentioned in s. 69(2) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 69\(1\), Sch. 21 para. 1](#)
- F17** Word in s. 28(2) substituted (with effect in accordance with s. 71(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 71\(3\)](#)
- F18** S. 28(2A)-(2C) inserted (with effect in accordance with s. 71(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 71\(4\)](#)
- F19** Words in s. 28(2B)(a) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 480 \(with Sch. 2 Pts. 1, 2\)](#)
- F20** S. 28(3) omitted (with effect in accordance with s. 71(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 71\(5\)](#)

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F21 29 **Fire safety**

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Textual Amendments

F21 S. 29 omitted (with effect in accordance with s. 72(4) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 72\(1\)](#)

30 **Safety at designated sports grounds**

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a sports ground which is—
 - (a) designated under section 1 of the Safety of Sports Grounds Act 1975 (c. 52) as requiring a safety certificate, and
 - (b) used by him for the purposes of the qualifying activity.
- (2) A person takes required safety precautions in respect of the sports ground if—
 - (a) a safety certificate has been issued under the 1975 Act for the sports ground, and
 - (b) he takes steps necessary for compliance with the terms and conditions of the safety certificate.
- (3) A person also takes required safety precautions in respect of the sports ground if—
 - (a) he has been sent or given a document by or on behalf of the local authority for the area in which the sports ground is situated,
 - (b) the document specifies steps which, if taken, would—
 - (i) be taken into account by the local authority in deciding what terms and conditions to include in a safety certificate to be issued under the 1975 Act for the sports ground, or
 - (ii) lead to the amendment or replacement of a safety certificate issued or to be issued under the 1975 Act for the sports ground, and
 - (c) he takes the steps specified in the document.

31 **Safety at regulated stands at sports grounds**

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a stand at a sports ground—
 - (a) the use of which requires a safety certificate under Part III of the Fire Safety and Safety of Places of Sport Act 1987 (c. 27), and
 - (b) which he uses for the purposes of the qualifying activity.
- (2) A person takes required safety precautions in respect of the stand at the sports ground if—
 - (a) a safety certificate has been issued under the 1987 Act for the stand, and
 - (b) he takes steps necessary for compliance with the terms and conditions of the safety certificate.

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- (3) A person also takes required safety precautions in respect of the stand at the sports ground if—
- (a) he has been sent or given a document by or on behalf of the local authority for the area in which the sports ground is situated,
 - (b) the document specifies steps which, if taken, would—
 - (i) be taken into account by the local authority in deciding what terms and conditions to include in a safety certificate to be issued under the 1987 Act for the stand, or
 - (ii) lead to the amendment or replacement of a safety certificate issued or to be issued under the 1987 Act for the stand, and
 - (c) he takes the steps specified in the document.

32 Safety at other sports grounds

- (1) This section applies to expenditure if a person carrying on a qualifying activity has incurred it in taking required safety precautions in respect of a sports ground—
- (a) which is of a kind described in section 1(1) of the Safety of Sports Grounds Act 1975 (c. 52) but in respect of which no designation order under that section is in force at the time when he takes those precautions, and
 - (b) which he uses for the purposes of the qualifying activity,
- and the expenditure is not incurred in respect of a sports ground stand which is within section 31(1)(a).
- (2) A person takes required safety precautions in respect of the sports ground if he takes steps which the relevant local authority certify would have fallen within section 30(2) or (3) if—
- (a) a designation order under section 1 of the 1975 Act had then been in force, and
 - (b) a safety certificate had then been issued or applied for under the 1975 Act.
- (3) Any provision of regulations made under section 6(1)(b) of the 1975 Act (power of local authorities to charge fees) applies, with the necessary modifications, to the issue of a certificate for the purposes of subsection (2) as it applies to the issue of a safety certificate.
- (4) In subsection (2)—
- (a) “the relevant local authority” means the local authority for the area in which the sports ground is situated, and
 - (b) “local authority” has the same meaning as in the 1975 Act.

33 Personal security

- (1) This section applies to expenditure if—
- (a) it is incurred by an individual or partnership of individuals in connection with the provision for, or for use by, the individual, or any of the individuals, of a security asset,
 - (b) the individual or partnership is carrying on a relevant qualifying activity, and
 - (c) the special threat conditions are met.
- (2) The special threat conditions are that—
- (a) the asset is provided or used to meet a threat which—

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- (i) is a special threat to the individual’s personal physical security, and
 - (ii) arises wholly or mainly because of the relevant qualifying activity, and
 - (b) the person incurring the expenditure—
 - (i) has the sole object of meeting that threat in incurring that expenditure, and
 - (ii) intends the asset to be used solely to improve personal physical security.
- (3) If—
 - (a) the person incurring the expenditure intends the asset to be used solely to improve personal physical security, but
 - (b) there is another use which is incidental to improving personal physical security,that other use is ignored for the purposes of this section.
- (4) The fact that an asset improves the personal physical security of any member of the family or household of the individual concerned, as well as that of the individual, does not prevent this section from applying.
- (5) If—
 - (a) the asset is not intended to be used solely to improve personal physical security, but the expenditure incurred on it would otherwise be expenditure to which this section applies, and
 - (b) the person incurring the expenditure intends the asset to be used partly to improve personal physical security,this section applies only to the proportion of the expenditure attributable to the intended use to improve personal physical security.
- (6) In this section “security asset” means an asset which improves personal security; and here “asset”—
 - (a) does not include—
 - (i) a car, ship or aircraft, or
 - (ii) a dwelling or grounds appurtenant to a dwelling, but
 - (b) subject to paragraph (a), includes equipment, a structure (such as a wall) and an asset which becomes fixed to land.
- ^{F22}(7)
- (8) In this section “relevant qualifying activity” means a qualifying activity consisting of—
 - (a) a trade,
 - (b) an ordinary [^{F23}UK][^{F24}property] business,
 - (c) a [^{F25}UK furnished] holiday lettings business,
 - (d) an [^{F26}ordinary overseas] property business, ^{F27}...
 - [^{F28}(da) an EEA furnished holiday lettings business, or]
 - (e) a profession or vocation.

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Textual Amendments

- F22** S. 33(7) omitted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by virtue of [Finance Act 2009 \(c. 10\)](#), [Sch. 11 para. 13](#) (with [Sch. 11 paras. 30-32](#))
- F23** Word in s. 33(8)(b) inserted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(8\)\(a\)](#)
- F24** Word in s. 33(8)(b) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 532](#) (with [Sch. 2](#))
- F25** Words in s. 33(8)(c) substituted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(8\)\(b\)](#)
- F26** Words in s. 33(8)(d) substituted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(8\)\(c\)](#)
- F27** Word in s. 33(8)(d) omitted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by virtue of [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(8\)\(d\)](#)
- F28** S. 33(8)(da) inserted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(8\)\(d\)](#)

[^{F29}Expenditure on integral features]

Textual Amendments

- F29** Ss. 33A, 33B and cross-heading inserted (with effect in accordance with s. 73(6) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. [73\(2\)](#)

^{F29}33A Expenditure on provision or replacement of integral features

- (1) This section applies where a person carrying on a qualifying activity incurs expenditure on the provision or replacement of an integral feature of a building or structure used by the person for the purposes of the qualifying activity.
- (2) This Part (including in particular section 11(4)) applies as if—
 - (a) the expenditure were capital expenditure on the provision of plant or machinery for the purposes of the qualifying activity, and
 - (b) the person who incurred the expenditure owned plant or machinery as a result of incurring it.
- (3) If the expenditure is qualifying expenditure, it may not be deducted in calculating the income from the qualifying activity.
- (4) If the expenditure is not qualifying expenditure, whether it may be so deducted is to be determined without regard to this section.
- (5) For the purposes of this section each of the following is an integral feature—
 - (a) an electrical system (including a lighting system),
 - (b) a cold water system,
 - (c) a space or water heating system, a powered system of ventilation, air cooling or air purification, and any floor or ceiling comprised in such a system,
 - (d) a lift, an escalator or a moving walkway,
 - (e) external solar shading.

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- (6) The items listed in subsection (5) do not include any asset whose principal purpose is to insulate or enclose the interior of a building or to provide an interior wall, floor or ceiling which (in each case) is intended to remain permanently in place.
- (7) The Treasury may by order—
 - (a) provide that subsection (5) does not include a feature of a building or structure specified in the order, expenditure on which would (if not within subsection (5)) be qualifying expenditure other than special rate expenditure, and
 - (b) add to the list in subsection (5) a feature of a building or structure expenditure on the provision of which would not (apart from the order) be expenditure on the provision of plant or machinery.
- (8) An order under subsection (7) may make such incidental, supplemental, consequential and transitional provision as the Treasury thinks fit.

33B Meaning of “replacement” in section 33A

- (1) Expenditure to which this section applies is to be treated for the purposes of section 33A as expenditure on the replacement of an integral feature.
- (2) This section applies to expenditure incurred by a person on an integral feature if the amount of the expenditure is more than 50% of the cost of replacing the integral feature at the time the expenditure is incurred.
- (3) Subsection (4) applies where—
 - (a) a person incurs expenditure (“initial expenditure”) on an integral feature which is not more than 50% of the cost of replacing the integral feature at the time it is incurred, but
 - (b) in the period of 12 months beginning with the initial expenditure being incurred the person incurs further expenditure on the integral feature.
- (4) If the aggregate of—
 - (a) the amount of the initial expenditure, and
 - (b) the amount (or the aggregate of the amounts) of the further expenditure,is more than 50% of the cost of replacing the integral feature at the time the initial expenditure was incurred, this section applies to the initial expenditure and the further expenditure.
- (5) Where section 33A applies because of subsection (4), all such assessments and adjustments of assessments are to be made as are necessary to give effect to that section.]

Exclusion of certain types of expenditure

34 Expenditure by MPs and others on accommodation

- (1) Expenditure is not qualifying expenditure if it is incurred by—
 - (a) a member of the House of Commons,
 - (b) a member of the Scottish Parliament,
 - (c) a member of the National Assembly for Wales, or

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- (d) a member of the Northern Ireland Assembly,
 in or in connection with the provision or use of residential or overnight accommodation for the purpose given in subsection (2).
- (2) The purpose is enabling the member to perform the duties of a member of the body in or about—
- (a) the place where the body sits, or
 - (b) the constituency or region for which the member has been returned.

[^{F30}34A Expenditure on plant or machinery for long funding leasing not qualifying expenditure

Expenditure is not qualifying expenditure if it is incurred on the provision of plant or machinery for leasing under a long funding lease (see Chapter 6A).]

Textual Amendments

F30 S. 34A inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 8 para. 3](#)

35 Expenditure on plant or machinery for use in dwelling-house not qualifying expenditure in certain cases

- (1) This section applies if a person is carrying on a qualifying activity consisting of—
- (a) an ordinary [^{F31}UK][^{F32}property] business,
 - (b) an [^{F33}ordinary overseas] property business, or
 - (c) special leasing of plant or machinery.
- (2) The person's expenditure is not qualifying expenditure if it is incurred in providing plant or machinery for use in a dwelling-house.
- (3) If plant or machinery is provided partly for use in a dwelling-house and partly for other purposes, such apportionment of the expenditure incurred in providing that plant or machinery is to be made for the purposes of subsection (2) as is just and reasonable.

Textual Amendments

F31 Word in s. 35(1)(a) inserted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(9\)\(a\)](#)

F32 Word in s. 35(1)(a) substituted (with effect in accordance with s. 883(1) of the amending Act) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), [Sch. 1 para. 533](#) (with [Sch. 2](#))

F33 Words in s. 35(1)(b) substituted (with effect in accordance with Sch. 14 para. 13 of the amending Act) by [Finance Act 2011 \(c. 11\)](#), [Sch. 14 para. 12\(9\)\(b\)](#)

[^{F34}36 Restriction on qualifying expenditure in case of employment or office

- (1) Where the qualifying activity consists of an employment or office—
- (a) expenditure on the provision of a mechanically propelled road vehicle, or a cycle, is not qualifying expenditure, and

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- (b) other expenditure is qualifying expenditure only if the plant or machinery is necessarily provided for use in the performance of the duties of the employment or office.
- (2) In this section “ cycle ” has the meaning given by section 192(1) of the Road Traffic Act 1988.]

Textual Amendments

- F34** S. 36 substituted (with effect as mentioned in s. 59(3)(4) of the amending Act) by [Finance Act 2001 \(c. 9\), s. 59\(1\)\(3\)\(4\)](#)

37 Exclusion where sums payable in respect of depreciation

- (1) Expenditure incurred by a person in providing plant or machinery for the purposes of a qualifying activity is not qualifying expenditure if it appears—
- (a) that during the period during which the plant or machinery will be used for the purposes of the qualifying activity sums are, or are to be, payable to that person directly or indirectly, and
- (b) that those sums are in respect of, or take account of, the whole of the depreciation of the plant or machinery resulting from its use for those purposes.
- (2) Subsection (1) does not apply if the sums fall to be taken into account as income of the person or in calculating the profits of a qualifying activity carried on by him.

38 Production animals etc.

Expenditure is not qualifying expenditure if it is incurred on—

- [^{F35}(a) animals or other creatures to which section 30 of ITTOIA 2005 or section 50 of CTA 2009 (animals kept for trade purposes) applies,
- (b) animals or other creatures to which Chapter 8 of Part 2 of ITTOIA 2005 or Chapter 8 of Part 3 of CTA 2009 (herd basis rules) applies, or
- (c) shares in animals or creatures such as are mentioned in paragraph (a) or (b).]

Textual Amendments

- F35** S. 38(a)-(c) substituted for s. 38(a)(b) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 481](#) (with [Sch. 2 Pts. 1, 2](#))

Status:

Point in time view as at 19/07/2011.

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 3.