



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE

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 member of the House of Commons,
 - a member of the Scottish Parliament,
 - a member of the National Assembly for Wales, or
 - 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—
- the place where the body sits, or
 - the constituency or region for which the member has been returned.

[^{F1}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).]

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

Textual Amendments

- F1** 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—
- an ordinary [^{F2}UK][^{F3}property] business,
 - an [^{F4}ordinary overseas] property business, or
 - 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

- F2** 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\(9\)\(a\)](#)
- F3** 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](#))
- F4** 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\(9\)\(b\)](#)

[^{F5}36] Restriction on qualifying expenditure in case of employment or office

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

- F5** 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—

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- (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—

- [^{F6}(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

- F6** 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](#))

[^{F7}38ZA Vehicles for which deductions allowed at fixed rate under Part 2 of ITTOIA 2005

Expenditure is not qualifying expenditure if—

- (a) it is incurred in respect of a vehicle in a period, and
- (b) a deduction is made for the period in respect of the expenditure under section 94D of ITTOIA 2005 (deduction allowable at fixed rate for expenditure on vehicles).]

Textual Amendments

- F7** S. 38ZA inserted (with effect in accordance with Sch. 5 para. 6 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 5 para. 5\(2\)](#)

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