



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 4

FIRST-YEAR QUALIFYING EXPENDITURE

General

39 First-year allowances available for certain types of qualifying expenditure only

A first-year allowance is not available unless the qualifying expenditure is first-year qualifying expenditure under [^{F1}any of the following provisions]—

F2	F2
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F3	F3
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F2	F2
.
[^{F4} section 45A	expenditure on energy-saving plant or machinery]
[^{F5} section 45D	expenditure on cars with low CO ₂ emissions,]
[^{F6} section 45DA	expenditure on zero-emission goods vehicles,]

Status: Point in time view as at 01/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

[^{F7} section 45E	expenditure on plant or machinery for gas refuelling station] ^{F8}
	...
[^{F9} section 45EA	expenditure on plant or machinery for electric vehicle charging point]
[^{F10} section 45F	expenditure on plant and machinery for use wholly in a ring fence trade.]
[^{F11} section 45H	expenditure on environmentally beneficial plant or machinery.]
[^{F12} section 45K	expenditure on plant and machinery for use in designated assisted areas.]

Textual Amendments

- F1** Words in s. 39 inserted (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 2\(a\)](#)
- F2** S. 39 entries omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 76\(5\)\(a\)](#) (with [s. 76\(7\)\(8\)](#))
- F3** S. 39 entry omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 75\(3\)\(a\)](#)
- F4** Words in s. 39 inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), [s. 65](#), [Sch. 17 para. 1](#)
- F5** Words in s. 39 inserted (with effect as mentioned in s. 59 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 59](#), [Sch. 19 para. 2](#)
- F6** Words in s. 39 inserted (with effect in accordance with Sch. 7 para. 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 7 para. 2](#)
- F7** Words in s. 39 inserted (with effect as mentioned in s. 61 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 61](#), [Sch. 20 para. 2](#)
- F8** Word in s. 39 repealed (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 2\(b\)](#), [Sch. 43 Pt. 3\(9\)](#)
- F9** Words in s. 39 inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 38\(2\)](#)
- F10** Words in s. 39 inserted (with effect as mentioned in s. 63 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), [s. 63](#), [Sch. 21 para. 2](#)
- F11** Words in s. 39 added (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 2\(c\)](#)
- F12** Words in s. 39 inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 2](#)

Types of expenditure which may qualify for first-year allowances

- ^{F13}**40** **Expenditure incurred for Northern Ireland purposes by small or medium-sized enterprises**
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Status: Point in time view as at 01/04/2018.

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Textual Amendments

F13 Ss. 40-43 omitted (with application in accordance with s. 76(7) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(2)** (with s. 76(8))

^{F13} 41 **Miscellaneous exclusions from section 40 (expenditure for Northern Ireland purposes etc.)**

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Textual Amendments

F13 Ss. 40-43 omitted (with application in accordance with s. 76(7) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(2)** (with s. 76(8))

^{F13} 42 **Exclusion of plant or machinery partly for use outside Northern Ireland**

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Textual Amendments

F13 Ss. 40-43 omitted (with application in accordance with s. 76(7) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(2)** (with s. 76(8))

^{F13} 43 **Effect of plant or machinery subsequently being primarily for use outside Northern Ireland**

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Textual Amendments

F13 Ss. 40-43 omitted (with application in accordance with s. 76(7) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 76(2)** (with s. 76(8))

^{F14} 44 **Expenditure incurred by small or medium-sized enterprises**

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Textual Amendments

F14 S. 44 omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **s. 75(2)**

^{F15} 45 **ICT expenditure incurred by small enterprises**

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Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

Textual Amendments

F15 S. 45 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(3\)](#) (with [s. 76\(7\)\(8\)](#))

[^{F16} **45A Expenditure on energy-saving plant or machinery**

- (1) Expenditure is first-year qualifying expenditure if—
- (a) it is expenditure on energy-saving plant or machinery that is unused and not second-hand,
 - (b) it is incurred on or after 1st April 2001, and
 - (c) it is not excluded by section 46 (general exclusions).

[This section is subject to section 45AA (payments under Energy Act 2008 schemes).]
^{F17}(1A)

- (2) Energy-saving plant or machinery means plant or machinery in relation to which the following conditions are met—
- (a) when the expenditure is incurred, or
 - (b) when the contract for the provision of the plant or machinery is entered into.
- (3) The conditions are that the plant or machinery—
- (a) is of a description specified by Treasury order, and
 - (b) meets the energy-saving criteria specified by Treasury order for plant or machinery of that description.
- (4) Any such order may make provision by reference to any technology list, or product list, issued by the Secretary of State (whether before or after the coming into force of this section).

Textual Amendments

F16 Ss. 45A-45C inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\), s. 65, Sch. 17 para. 2](#) (with [Sch. 17 para. 6](#))

F17 S. 45A(1A) inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), s. 45\(2\)](#)

[^{F18} **45AA Section 45A exclusion: [^{F19} feed-in tariffs and renewable heat incentives]**

- (1) Expenditure incurred on or after the relevant date on plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45A if—
- (a) a payment is made, or another incentive is given, under a scheme established by virtue of section 41 of the Energy Act 2008 (feed-in tariffs)^[F20], or under a corresponding scheme having effect in Northern Ireland,] in respect of electricity generated by the plant or machinery, or
 - (b) a payment is made, or another incentive is given, under a scheme established by regulations under section 100 of that Act ^[F21]or section 113 of the Energy Act 2011] (renewable heat incentives) in respect of heat generated, or gas or fuel produced, by the plant or machinery.
- (2) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).

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- (3) If a person who has made a tax return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, the person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.
- (4) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (5) Except as provided by [^{F22}subsections (5A) and (6)], the relevant date is—
 - (a) for corporation tax purposes, 1 April 2012, and
 - (b) for income tax purposes, 6 April 2012.

[Except as provided by subsection (6), in the case of expenditure incurred on plant or ^{F23}(5A) machinery used or for use in Northern Ireland, the relevant date is—

- (a) for corporation tax purposes, 1 April 2013, and
- (b) for income tax purposes, 6 April 2013.]
- (6) In the case of expenditure incurred on a combined heat and power system, the relevant date in relation to subsection (1)(b) is—
 - (a) for corporation tax purposes, 1 April 2014, and
 - (b) for income tax purposes, 6 April 2014.]

Textual Amendments

- F16** Ss. 45A-45C inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\), s. 65, Sch. 17 para. 2](#) (with [Sch. 17 para. 6](#))
- F18** S. 45AA inserted (17.7.2012) by [Finance Act 2012 \(c. 14\), s. 45\(3\)](#)
- F19** Words in s. 45AA heading substituted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 67\(5\)](#)
- F20** Words in s. 45AA(1)(a) inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 67\(2\)\(a\)](#)
- F21** Words in s. 45AA(1)(b) inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 67\(2\)\(b\)](#)
- F22** Words in s. 45AA(5) substituted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 67\(3\)](#)
- F23** S. 45AA(5A) inserted (17.7.2013) by [Finance Act 2013 \(c. 29\), s. 67\(4\)](#)

45B Certification of energy-saving plant and machinery

- (1) The Treasury may by order provide that, in such cases as may be specified in the order, no section 45A allowance may be made unless a relevant certificate of energy efficiency is in force.

A “ section 45A allowance ” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45A.

- (2) A certificate of energy efficiency is one certifying that—
 - (a) particular plant or machinery, or
 - (b) plant or machinery constructed to a particular design,meets the energy-saving criteria specified in relation to that description of plant or machinery by order under section 45A.
- (3) A relevant certificate of energy efficiency means one issued—
 - (a) by the Secretary of State or a person authorised by the Secretary of State;

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- (b) in the case of plant or machinery used or for use in Scotland, by the Scottish Ministers or a person authorised by them;
 - (c) in the case of plant or machinery used or for use in Wales, by the National Assembly for Wales or a person authorised by it;
 - (d) in the case of plant or machinery used or for use in Northern Ireland, by the Department of Enterprise, Trade and Investment in Northern Ireland or a person authorised by it.
- (4) If a certificate of energy efficiency is revoked—
- (a) the certificate is to be treated for the purposes of this section as if it had never been issued, and
 - (b) all such assessments and adjustments of assessments are to be made as are necessary as a result of the revocation.
- (5) If a person who has made a tax return becomes aware that, as a result of the revocation of a certificate of energy efficiency after the return was made, the return has become incorrect, he must give notice to [^{F24}an officer of Revenue and Customs] specifying how the return needs to be amended.
- (6) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the tax return had become incorrect because of the revocation of the certificate.

Textual Amendments

F16 Ss. 45A-45C inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 65, [Sch. 17 para. 2](#) (with [Sch. 17 para. 6](#))

F24 Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)

45C Energy-saving components of plant or machinery

- (1) This section applies for the purpose of apportioning expenditure incurred on plant or machinery if one or more components of the plant or machinery (but not all of it) is of a description specified by Treasury order under section 45A(3).
- (2) If—
- (a) only one of the components is of such a description, and
 - (b) an amount is specified by the order in respect of that component,
- the part of the expenditure that is section 45A expenditure must not exceed that amount.
- (3) If—
- (a) more than one of the components are of such a description, and
 - (b) an amount is specified by the order in respect of each of those components,
- the part of the expenditure that is section 45A expenditure must not exceed the total of those amounts.
- (4) If the expenditure is treated under this Act as incurred in instalments, the proportion of each instalment that is section 45A expenditure is the same as the proportion of the whole of the expenditure that is section 45A expenditure.

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- (5) If this section applies, the expenditure is not apportioned under section 562(3) (apportionment where property sold with other property).
- (6) In this section “ section 45A expenditure ” means expenditure that is first-year qualifying expenditure under section 45A.]

Textual Amendments

F16 Ss. 45A-45C inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 65, [Sch. 17 para. 2](#) (with [Sch. 17 para. 6](#))

45D Expenditure on cars with low carbon dioxide emissions

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is incurred in the period beginning with 17th April 2002 and ending with 31st March [F252021],
 - (b) it is expenditure on a car which is first registered on or after 17th April 2002 and which is unused and not second-hand,
 - [F26(c) the car—
 - (i) is electrically-propelled, or
 - (ii) has low CO₂ emissions, and]
 - (d) the expenditure is not excluded by section 46 (general exclusions).
- [F27(1A) The Treasury may by order amend subsection (1)(a) so as to extend the period specified.]
- (2) For the purposes of this section [F28a car has low CO₂ emissions if it] satisfies the conditions in subsections (3) and (4).
- (3) The first condition is that, when the car is first registered, it is so registered on the basis of [F29a qualifying emissions certificate.]
- (4) The second condition is that the applicable CO₂ emissions figure [F30in relation to] the car does not exceed [F3150] grams per kilometre driven.
- [F32(5)
- [F32(6)
- (7) The Treasury may by order amend the amount from time to time specified in subsection (4).
- (8) In this section any reference to a car [F33is to a car within the meaning of section 268A, except that it]—
 - (a) includes a reference to a mechanically propelled road vehicle of a type commonly used as a hackney carriage, [F34 ...
 - [F34(b)
 - [F35(9)
 - [F35(10)
 - [F36(11) In this section—

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“applicable CO₂ emissions figure” and “qualifying emissions certificate” have the meanings given in section 268C;

“electrically-propelled” has the meaning given in section 268B.]

Textual Amendments

- F25** Word in s. 45D(1)(a) substituted (1.11.2016) by [The Capital Allowances Act 2001 \(Cars Emissions\) Order 2016 \(S.I. 2016/984\)](#), arts. 2, **4(a)**
- F26** S. 45D(1)(c) substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(2)** (with Sch. 11 paras. 30-32)
- F27** S. 45D(1A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. **64(2)**
- F28** Words in s. 45D(2) substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(3)** (with Sch. 11 paras. 30-32)
- F29** Words in s. 45D(3) substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(4)** (with Sch. 11 paras. 30-32)
- F30** Words in s. 45D(4) substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(5)** (with Sch. 11 paras. 30-32)
- F31** Word in s. 45D(4) substituted (with effect in accordance with art. 2 of the amending S.I.) by [The Capital Allowances Act 2001 \(Cars Emissions\) Order 2016 \(S.I. 2016/984\)](#), arts. 2, **4(b)**
- F32** S. 45D(5)(6) 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. 14(6)** (with Sch. 11 paras. 30-32)
- F33** Words in s. 45D(8) inserted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(7)(a)** (with Sch. 11 paras. 30-32)
- F34** S. 45D(8)(b) and preceding word 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. 14(7)(b)** (with Sch. 11 paras. 30-32)
- F35** S. 45D(9)(10) 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. 14(8)** (with Sch. 11 paras. 30-32)
- F36** S. 45D(11) inserted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 14(9)** (with Sch. 11 paras. 30-32)

[^{F37}45DA] Expenditure on zero-emission goods vehicles

- (1) Expenditure is first-year qualifying expenditure if—
- (a) it is incurred in the period of [^{F38}11 years] beginning with the relevant date,
 - (b) it is incurred on the provision of a zero-emission goods vehicle,
 - (c) the vehicle is unused and not second-hand,
 - (d) the vehicle is registered, and
 - (e) the expenditure is not excluded by section 46 (general exclusions).

[^{F39}The Treasury may by order amend subsection (1)(a) so as to extend the period (1A) specified.]

- (2) For the purposes of subsection (1)(d) it does not matter whether the vehicle is first registered before or after the expenditure is incurred.

- (3) In this section—

“goods vehicle” means a mechanically propelled road vehicle which is of a design primarily suited for the conveyance of goods or burden of any description;

“the relevant date” means—

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- (a) in the case of expenditure incurred by a person within the charge to corporation tax, 1 April 2010, and
 - (b) in the case of expenditure incurred by a person within the charge to income tax, 6 April 2010;
- “zero-emission goods vehicle” means a goods vehicle which cannot in any circumstances emit CO₂ by being driven.
- (4) The Treasury may by order amend this Chapter so as to provide for specified descriptions of vehicles to be treated, or not to be treated, as goods vehicles for the purposes of this section.
- (5) This section is subject to section 45DB.

Textual Amendments

- F37** Ss. 45DA, 45DB inserted (with effect in accordance with Sch. 7 para. 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 7 para. 3](#)
- F38** Words in s. 45DA(1)(a) substituted (1.4.2018) by [The Capital Allowances Act 2001 \(Extension of First-year Allowances\) \(Amendment\) Order 2017 \(S.I. 2017/1304\)](#), arts. 1, [2\(a\)](#)
- F39** S. 45DA(1A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 64\(3\)](#)

45DB Exclusions from allowances under section 45DA

- (1) Expenditure incurred by a person is not first-year qualifying expenditure under section 45DA if it is within subsection (2), (4) or (6).
- (2) Expenditure is within this subsection if, at the time a claim is made under section 3 for a section 45DA allowance in respect of the expenditure, the person who incurred the expenditure is, or forms part of, an undertaking within subsection (3).
- (3) An undertaking is within this subsection if one or both of the following conditions are met—
- (a) it is reasonable to assume that the undertaking would be regarded as ^[F40]an undertaking in difficulty for the purposes of the General Block Exemption Regulation];
 - (b) the undertaking is subject to an outstanding recovery order made by virtue of Article 108(2) of the Treaty on the Functioning of the European Union (Commission Decision declaring aid illegal and incompatible with the common market).
- (4) Expenditure is within this subsection if it is incurred for the purposes of a qualifying activity—
- (a) in the fishery or aquaculture sector, as covered by ^[F41]Regulation (EU) No 1379/2013 of the European Parliament and of the Council], or
 - (b) relating to the management of waste of undertakings.
- (5) In subsection (4)(b) the reference to waste of undertakings does not include waste of the person who incurred the expenditure or of any other person forming part of the same undertaking as that person.
- (6) Expenditure is within this subsection to the extent that it is taken into account for the purposes of a relevant grant, or relevant payment, made towards that expenditure.

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- (7) A grant or payment is relevant if it is—
- (a) a ^{F42}... State aid, other than an allowance under this Part, or
 - (b) a grant or subsidy, other than a ^{F42}... State aid, which the Treasury by order declares to be relevant for the purposes of the withholding of a section 45DA allowance.
- (8) If a relevant grant or relevant payment towards the expenditure is made after the making of a section 45DA allowance, the allowance is to be withdrawn ^{F43}....
- (9) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (8).
- (10) Any such assessment or adjustment is not out of time if it is made within 3 years of the end of the chargeable period in which the grant or payment was made.
- (11) In this section—
- “General Block Exemption Regulation” means Commission Regulation [^{F44}(EU) No 651/2014] (General block exemption Regulation);
- “management” and “waste” have the meaning given by Article 1 of Directive 2006/12/EC of the European Parliament and of the Council;
- ^{F45}
- “section 45DA allowance” means a first year allowance in respect of expenditure that is first-year qualifying expenditure under section 45DA;
- “undertaking” means—
- (a) an autonomous enterprise, or
 - (b) an enterprise (not within paragraph (a)) and its partner enterprises (if any) and its linked enterprises (if any),
- and for this purpose “enterprise”, “autonomous enterprise”, “partner enterprises” and “linked enterprises” have the meaning given by Annex 1 to the General Block Exemption Regulation.
- [Nothing in this section limits references to “State aid” to State aid which is required ^{F46}(11A) to be notified to and approved by the European Commission.]
- (12) The Treasury may by order make such provision amending this section as appears to them appropriate for the purpose of giving effect to any future amendments of or instrument replacing—
- (a) the General Block Exemption Regulation,
 - (b) the Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C 244/02),
 - [^{F47}(c) Regulation (EU) No 1379/2013 of the European Parliament and of the Council,]
 - (d) Directive 2006/12/EC of the European Parliament and of the Council, or
 - (e) the Treaty on the Functioning of the European Union.]

Textual Amendments

F37 Ss. 45DA, 45DB inserted (with effect in accordance with Sch. 7 para. 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 7 para. 3](#)

F40 Words in s. 45DB(3)(a) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 2\(2\)](#)

Status: Point in time view as at 01/04/2018.

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- F41** Words in s. 45DB(4)(a) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 2\(3\)](#)
- F42** Word in s. 45DB(7) omitted (with effect in accordance with s. 45(8)(9) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [s. 45\(4\)](#)
- F43** Words in s. 45DB(8) omitted (with effect in accordance with s. 45(8)(9) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [s. 45\(5\)](#)
- F44** Words in s. 45DB(11) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 2\(4\)](#)
- F45** Words in s. 45DB(11) omitted (with effect in accordance with s. 45(8)(9) of the amending Act) by virtue of [Finance Act 2015 \(c. 11\)](#), [s. 45\(6\)](#)
- F46** S. 45DB(11A) inserted (with effect in accordance with s. 45(8)(9) of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [s. 45\(7\)](#)
- F47** S. 45DB(12)(c) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 2\(5\)](#)

[^{F48}45E Expenditure on plant or machinery for gas refuelling station

- (1) Expenditure is first-year qualifying expenditure if—
- (a) it is incurred in the period beginning with 17th April 2002 and ending with 31st March [^{F49}2021],
 - (b) it is expenditure on plant or machinery for a gas refuelling station where the plant or machinery is unused and not second-hand, and
 - (c) it is not excluded by section 46 (general exclusions).

[The Treasury may by order amend subsection (1)(a) so as to extend the period ^{F50}(1A) specified.]

- (2) For the purposes of this section expenditure on plant or machinery for a gas refuelling station is expenditure on plant or machinery installed at a gas refuelling station for use solely for or in connection with refuelling vehicles with natural gas^{F51}, biogas] or hydrogen fuel.
- (3) For the purposes of subsection (2) the plant or machinery which is for use for or in connection with refuelling vehicles with natural gas^{F51}, biogas] or hydrogen fuel includes—
- (a) any storage tank for natural gas [^{F51}, biogas] or hydrogen fuel,
 - (b) any compressor, pump, control or meter used for or in connection with refuelling vehicles with natural gas^{F51}, biogas] or hydrogen fuel, and
 - (c) any equipment for dispensing natural gas^{F51}, biogas] or hydrogen fuel to the fuel tank of a vehicle.

- (4) For the purposes of this section—

[^{F52}“biogas” means gas produced by the anaerobic conversion of organic matter and used for propelling vehicles;]

“gas refuelling station” means any premises, or that part of any premises, where vehicles are refuelled with natural gas^{F51}, biogas] or hydrogen fuel;

“hydrogen fuel” means a fuel consisting of gaseous or cryogenic liquid hydrogen which is used for propelling vehicles;

“vehicle” means a mechanically propelled road vehicle.]

Status: Point in time view as at 01/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

Textual Amendments

- F48** S. 45E inserted (with effect as mentioned in s. 61 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 61, [Sch. 20 para. 3](#)
- F49** Word in s. 45E(1)(a) substituted (1.4.2018) by [The Capital Allowances Act 2001 \(Extension of First-year Allowances\) \(Amendment\) Order 2017 \(S.I. 2017/1304\)](#), arts. 1, [2\(b\)](#)
- F50** S. 45E(1A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), s. [64\(4\)](#)
- F51** Word in s. 45E inserted (with effect in accordance with s. 78(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. [78\(3\)](#)
- F52** Words in s. 45E(4) inserted (with effect in accordance with s. 78(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), s. [78\(4\)](#)

[^{F53} 45EA Expenditure on plant or machinery for electric vehicle charging point

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is incurred in the relevant period,
 - (b) it is expenditure on plant or machinery for an electric vehicle charging point where the plant or machinery is unused and not second-hand, and
 - (c) it is not excluded by section 46 (general exclusions).
- (2) For the purposes of this section expenditure on plant or machinery for an electric vehicle charging point is expenditure on plant or machinery installed solely for the purpose of charging electric vehicles.
- (3) The “relevant period” is the period beginning with 23 November 2016 and ending with—
 - (a) in the case of expenditure incurred by a person within the charge to corporation tax, 31 March 2019, and
 - (b) in the case of expenditure incurred by a person within the charge to income tax, 5 April 2019.
- (4) The Treasury may by regulations amend subsection (3) so as to extend the relevant period.
- (5) In this section—

“electric vehicle” means a road vehicle that can be propelled by electrical power (whether or not it can also be propelled by another kind of power);

“electric vehicle charging point” means a facility for charging an electric vehicle.]

Textual Amendments

- F53** S. 45EA inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), s. [38\(3\)](#)

[^{F54} 45F Expenditure on plant and machinery for use wholly in a ring fence trade

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is incurred on or after 17th April 2002,
 - (b) it is incurred by a company,

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- (c) it is incurred on the provision of plant or machinery for use wholly for the purposes of a ring fence trade, and
 - (d) it is not excluded by section 46 (general exclusions).
- (2) This section is subject to section 45G (plant or machinery used for less than five years in a ring fence trade).
- (3) In this section “ ring fence trade ” means a ring fence trade in respect of which tax is chargeable under [^{F55}section 330(1) of CTA 2010] (supplementary charge in respect of ring fence trades).]

Textual Amendments

- F54** S. 45F inserted (with effect as mentioned in s. 63 of the amending Act) by Finance Act 2002 (c. 23), s. 63, Sch. 21 para. 3
- F55** Words in s. 45F(3) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 325 (with Sch. 2)

[^{F56}45G Plant or machinery used for less than five years in a ring fence trade

- (1) Expenditure incurred by a company on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45F if the plant or machinery—
- (a) is at no time in the relevant period used in a ring fence trade carried on by the company or a company connected with it, or
 - (b) is at any time in the relevant period used for a purpose other than that of a ring fence trade carried on by the company or a company connected with it.
- (2) For the purposes of this section “ the relevant period ” means whichever of the following periods, beginning with the incurring of the expenditure, first ends, namely—
- (a) the period ending with the fifth anniversary of the incurring of the expenditure, or
 - (b) the period ending with the day preceding the first occasion on which the plant or machinery, after becoming owned by the company which incurred the expenditure, is not owned by a company which is either that company or a company connected with it.
- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).
- (4) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, he must give notice to [^{F24}an officer of Revenue and Customs] specifying how the return needs to be amended.
- (5) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (6) In this section “ ring fence trade ” has the same meaning as in section 45F.]

Status: Point in time view as at 01/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

Textual Amendments

- F24** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)
- F56** S. 45G inserted (with effect as mentioned in s. 63 of the amending Act) by [Finance Act 2002 \(c. 23\)](#), s. 63, [Sch. 21 para. 4](#)

[^{F57} **45H Expenditure on environmentally beneficial plant or machinery**

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is expenditure on environmentally beneficial plant or machinery that is unused and not second-hand,
 - (b) it is incurred on or after 1st April 2003,
 - (c) it is not long-life asset expenditure, and
 - (d) it is not excluded by section 46 (general exclusions).
- (2) Environmentally beneficial plant or machinery means plant or machinery in relation to which the following conditions are met—
 - (a) when the expenditure is incurred, or
 - (b) when the contract for the provision of the plant or machinery is entered into.
- (3) The conditions are that the plant or machinery—
 - (a) is of a description specified by Treasury order, and
 - (b) meets the environmental criteria specified by Treasury order for plant or machinery of that description.
- (4) The Treasury may make such orders under subsection (3) as appear to them appropriate to promote the use of technologies, or products, designed to remedy or prevent damage to the physical environment or natural resources.
- (5) Any such order may make provision by reference to any technology list, or product list, issued by the Secretary of State (whether before or after the coming into force of this section).

Textual Amendments

- F57** S. 45H-45J inserted (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 3](#)

45I Certification of environmentally beneficial plant and machinery

- (1) The Treasury may by order provide that, in such cases as may be specified in the order, no section 45H allowance may be made unless a relevant certificate of environmental benefit is in force.

A “ section 45H allowance ” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45H.
- (2) A certificate of environmental benefit is one certifying that—
 - (a) particular plant or machinery, or
 - (b) plant or machinery constructed to a particular design,

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meets the environmental criteria specified in relation to that description of plant or machinery by order under section 45H.

- (3) A relevant certification of environmental benefit means one issued—
- (a) by the Secretary of State or a person authorised by the Secretary of State;
 - (b) in the case of plant or machinery used or for use in Scotland, by the Scottish Ministers or a person authorised by them;
 - (c) in the case of plant or machinery used or for use in Wales, by the National Assembly for Wales or a person authorised by it;
 - (d) in the case of plant or machinery used or for use in Northern Ireland, by the Department of Enterprise, Trade and Investment in Northern Ireland or a person authorised by it.
- (4) If a certification of environmental benefit is revoked—
- (a) the certificate is treated for the purposes of this section as if it had never been issued, and
 - (b) all such assessments and adjustments shall be made as are necessary as a result of the revocation.
- (5) If a person who has made a tax return becomes aware that, as a result of the revocation of a certificate of environmental benefit after the return was made, the return has become incorrect, he must give notice to ^{F24}[an officer of Revenue and Customs] specifying how the return needs to be amended.
- (6) The notice must be given within three months beginning with the day on which the person first became aware that anything in the tax return had become incorrect because of the revocation of the certificate.

Textual Amendments

- F24** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), [Sch. 4 para. 83\(1\)](#); S.I. 2005/1126, art. 2(2)(h)
- F57** S. 45H-45J inserted (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 3](#)

45J Environmentally beneficial components of plant or machinery

- (1) This section applies for the purpose of apportioning expenditure incurred on plant or machinery where one or more of the components of the plant or machinery (but not all of it) is of a description specified by Treasury order under section 45H(3).
- (2) If—
- (a) only one of the components is of such a description, and
 - (b) an amount is specified by the order in respect of that component,
- the part of the expenditure that is section 45H expenditure must not exceed that amount.
- (3) If—
- (a) more than one of the components is of such a description, and
 - (b) an amount is specified by the order in respect of each of those components,

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the part of the expenditure that is section 45H expenditure must not exceed the total of those amounts.

- (4) If the expenditure is treated under this Act as incurred in instalments, the proportion of each instalment that is section 45H expenditure is the same as the proportion of the whole expenditure that is section 45H expenditure.
- (5) Where this section applies, the expenditure is not apportioned under section 562(3) (apportionment where property sold with other property).
- (6) In this section “ section 45H expenditure ” means expenditure that is first-year qualifying expenditure under section 45H.]

Textual Amendments

F57 S. 45H-45J inserted (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 3](#)

[^{F58}45K Expenditure on plant and machinery for use in designated assisted areas

- (1) Expenditure is first-year qualifying expenditure if—
 - (a) it is incurred by a company on the provision of plant or machinery for use primarily in an area which at the time the expenditure is incurred is a designated assisted area,
 - (b) it is incurred in the period of [^{F59}8 years] beginning with [^{F60}the date on which the area is (or is treated as) designated under subsection (2)(a)],
 - (c) Conditions A to E are met.

[The Treasury may by order amend subsection (1)(b) so as to extend the period ^{F61}(1A) specified.]

- (2) “Designated assisted area” means an area which—
 - (a) is designated by an order made by the Treasury, and
 - (b) falls wholly within an assisted area.
- (3) An area may be designated by an order under subsection (2)(a) only if at the time the order is made—
 - (a) the area falls wholly within an enterprise zone, and
 - (b) a memorandum of understanding, in respect of the area, relating to the availability of allowances in respect of expenditure to which this section applies has been entered into by the Treasury and the responsible authority for the area.
- (4) An order made under subsection (2)(a) may provide that an area designated by the order is to be treated as having been so designated at times falling before the order is made.
- (5) But where an area has previously been designated by an order under subsection (2)(a), section 14 of the Interpretation Act 1978 does not apply, by virtue of subsection (4), so as to imply a power to make an order (“the new order”) treating that area (or any part of it) as if it were not so designated at times falling before the new order is made.
- (6) Condition A is that the company is within the charge to corporation tax.

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(7) Condition B is that the expenditure is incurred for the purposes of a qualifying activity within section 15(1)(a) or (f).

(8) Condition C is that the expenditure is incurred for the purposes of—

- (a) a business of a kind not previously carried on by the company,
- (b) expanding a business carried on by the company, or
- (c) starting up an activity which relates to a fundamental change in a product or production process of, or service provided by, a business carried on by the company.

[Condition C is met by virtue of subsection (8)(c) only if the amount of the expenditure^{F62}(8A) exceeds the amount by which the relevant plant or machinery is depreciated in the period of 3 years ending immediately before the beginning of the chargeable period in which the expenditure is incurred.

(8B) “Relevant plant or machinery” means the plant or machinery being used at the end of the period of 3 years mentioned in subsection (8A) for the purposes of the product, process or service mentioned in subsection (8)(c).]

(9) Condition D is that the plant or machinery is unused and not second-hand.

(10) Condition E is that the expenditure is not replacement expenditure.

(11) “Replacement expenditure” means expenditure incurred on the provision of plant or machinery (“new plant or machinery”) intended to perform the same or a similar function, for the purposes of the qualifying activity of the company, as other plant or machinery (“replaced plant or machinery”)—

- (a) on which the company has previously incurred qualifying expenditure, and
- (b) which has been superseded by the new plant or machinery.

(12) But if and to the extent that—

- (a) the expenditure is incurred on the provision of new plant or machinery that is capable of and intended to perform a significant additional function, when compared to the replaced plant or machinery, and
- (b) the additional function enhances the capacity or productivity of the qualifying activity in question,

so much of the expenditure as is attributable to the additional function is not to be regarded as replacement expenditure.

(13) The part of the expenditure attributable to the additional function is to be determined on a just and reasonable basis.

(14) In this section—

“assisted area” means—

- (a) an area specified as a development area under section 1 of the Industrial Development Act 1982, or
- (b) Northern Ireland;

“enterprise zone” means an area recognised by the Treasury as an area in respect of which there is a special focus on economic development and identified on a map published by the Treasury for the purposes of this section;

“the responsible authority”, for an area, means—

- (a) if the area is in England, a local authority for all or part of the area or two or more such local authorities,

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- (b) if the area is in Scotland, the Scottish Ministers,
 - (c) if the area is in Wales, the Welsh Ministers, and
 - (d) if the area is in Northern Ireland, the Department of Enterprise, Trade and Investment in Northern Ireland.
- (15) The Treasury may by order amend the definition of “assisted area” in subsection (14) in consequence of any changes made to the areas in the United Kingdom granted assisted area status by virtue of Article 107(3) of the Treaty on the Functioning of the European Union.
- (16) This section is subject to—
- section 45L (plant or machinery partly for use outside designated assisted areas),
 - section 45M (exclusions from section 45K allowances),
 - section 45N (effect of plant or machinery subsequently being primarily used in an area other than a designated assisted area), and
 - section 46 (general exclusions).

Textual Amendments

- F58** Ss. 45K-45N inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 3](#)
- F59** Words in s. 45K(1)(b) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 64\(5\)\(a\)](#)
- F60** Words in s. 45K(1)(b) substituted (15.9.2016) by [Finance Act 2016 \(c. 24\)](#), [s. 69](#)
- F61** S. 45K(1A) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), [s. 64\(5\)\(b\)](#)
- F62** S. 45K(8A)(8B) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 3](#)

45L Exclusion of plant or machinery partly for use outside designated assisted areas

- (1) Expenditure on plant or machinery is not first-year qualifying expenditure under section 45K if—
- (a) at the time when it is incurred, the company incurring it intends the plant or machinery to be used partly in a non-designated area, and
 - (b) the main purpose, or one of the main purposes, for which any person is a party to the relevant arrangements is the obtaining of a first-year allowance, or a greater first-year allowance, in respect of the part of the expenditure that is attributable to that intended use in a non-designated area.
- (2) For the purposes of subsection (1)(b), the part of the expenditure that is attributable to that intended use in a non-designated area is to be determined on a just and reasonable basis.
- (3) In this section—
- “non-designated area” means an area which is not a designated assisted area within the meaning of section 45K;
 - “the relevant arrangements” means—
 - (a) the transaction under which the expenditure is incurred, and
 - (b) any scheme or arrangements of which that transaction forms part.

Status: Point in time view as at 01/04/2018.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4. (See end of Document for details)

Textual Amendments

F58 Ss. 45K-45N inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 3](#)

45M Exclusions from allowances under section 45K

- (1) Expenditure incurred by a person is not first-year qualifying expenditure under section 45K if it is within subsection (2), (4), ^{F63}(7) or (7A)].
- (2) Expenditure is within this subsection if, at the time a claim is made under section 3 for a section 45K allowance in respect of the expenditure, the person who incurred the expenditure is, or forms part of, an undertaking within subsection (3).
- (3) An undertaking is within this subsection if one or both of the following conditions are met—
 - (a) it is reasonable to assume that the undertaking would be regarded as ^{F64}an undertaking in difficulty for the purposes of the General Block Exemption Regulation];
 - (b) the undertaking is subject to an outstanding recovery order made by virtue of Article 108(2) of the Treaty on the Functioning of the European Union (Commission Decision declaring aid illegal and incompatible with the common market).
- (4) Expenditure is within this subsection if it is incurred for the purposes of a qualifying activity—
 - (a) in the fishery or aquaculture sector, as covered by ^{F65}Regulation (EU) No 1379/2013 of the European Parliament and of the Council],
 - (b) in the coal sector, steel sector, shipbuilding sector or synthetic fibres sector,
[in the transport sector or related infrastructure,
 - ^{F66}(ba) (bb) relating to energy generation, distribution or infrastructure,
 - (bc) relating to the development of broadband networks,]
 - (c) relating to the management of waste of undertakings, or
 - (d) relating to—
 - (i) the primary production of agricultural products,
 - (ii) on-farm activities necessary for preparing an animal or plant product for the first sale, or
 - (iii) the first sale of agricultural products by a primary producer to wholesalers, retailers or processors, in circumstances where that sale does not take place on separate premises reserved for that purpose.

[Expressions used in subsection (4)(b), (ba), (bb) or (bc) and in the General Block ^{F67}(4A) Exemption Regulation have the same meaning as in that Regulation.]

- (5) In subsection (4)(c) the reference to waste of undertakings does not include waste of the person who incurred the expenditure or of any other person forming part of the same undertaking as that person.

^{F68}(6)

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(7) Expenditure is within this subsection if a relevant grant or relevant payment is made towards—

- (a) that expenditure, or
- (b) any other expenditure which is incurred by any person in respect of the same designated assisted area, and on the same single investment project, as that expenditure.

[Expenditure is within this subsection if—

- ^{F69}(7A) (a) the area by reference to which the condition in section 45K(1)(a) is met is not an area which falls within Article 107(3)(a) of the Treaty on the Functioning of the European Union,
- (b) the condition in section 45K(8)(a) is not met in relation to the expenditure, and
 - (c) at the time the expenditure is incurred the company is not an SME for the purposes of the General Block Exemption Regulation.]

(8) A section 45K allowance made in respect of first-year qualifying expenditure is to be withdrawn if—

- (a) after it is made, a relevant grant or relevant payment is made towards that expenditure, or
- (b) within the period of 3 years beginning when that expenditure was incurred, a relevant grant or relevant payment is made towards any other expenditure which is incurred by any person in respect of the same designated assisted area, and on the same single investment project, as that expenditure.

(9) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (8).

(10) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, that person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.

(11) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.

(12) In this section—

“agricultural product”, [^{F70}has] the same meaning as in the General Block Exemption Regulation;

“General Block Exemption Regulation” means Commission Regulation [^{F71}(EU) No 651/2014] (General block exemption Regulation);

“management” and “waste” have the meaning given by Article 1 of Directive 2006/12/EC of the European Parliament and of the Council;

“relevant grant or relevant payment” means a grant or payment which is—

- (a) a State aid, other than an allowance under this Part, or
- (b) a grant or subsidy, other than a State aid, which the Treasury by order declares to be relevant for the purposes of the withholding of a section 45K allowance;

“section 45K allowance” means a first-year allowance in respect of expenditure that is first-year qualifying expenditure under section 45K;

“single investment project” has the same meaning as in the General Block Exemption Regulation;

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“undertaking” means—

- (a) an autonomous enterprise, or
- (b) an enterprise (not within paragraph (a)) and its partner enterprises (if any) and its linked enterprises (if any),

and for this purpose “enterprise”, “autonomous enterprise”, “partner enterprises” and “linked enterprises” have the meaning given by Annex 1 to the General Block Exemption Regulation.

- (13) Nothing in this section limits references to “State aid” to State aid which is required to be notified to and approved by the European Commission.
- (14) For the purposes of this section references to expenditure incurred in respect of a designated assisted area includes expenditure incurred on the provision of things for use primarily in that area or on services to be provided primarily in that area.
- (15) The Treasury may by order make such provision amending this section as appears to them appropriate for the purpose of giving effect to any future amendments of or instruments replacing—
 - (a) the General Block Exemption Regulation,
 - (b) the Community Guidelines on State Aid for Rescuing and Restructuring Firms in Difficulty (2004/C 244/02),
 - [^{F72}(c) Regulation (EU) No 1379/2013 of the European Parliament and of the Council,]
 - (d) Directive 2006/12/EC of the European Parliament and of the Council, or
 - (e) the Treaty on the Functioning of the European Union.

Textual Amendments

- F58** Ss. 45K-45N inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 3](#)
- F63** Words in s. 45M(1) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(2\)](#)
- F64** Words in s. 45M(3)(a) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(3\)](#)
- F65** Words in s. 45M(4)(a) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(4\)\(a\)](#)
- F66** Ss. 45M(4)(ba)-(bc) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(4\)\(b\)](#)
- F67** S. 45M(4A) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(5\)](#)
- F68** S. 45M(6) omitted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by virtue of [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(6\)](#)
- F69** S. 45M(7A) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(7\)](#)
- F70** Word in s. 45M(12) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(8\)\(a\)](#)
- F71** Words in s. 45M(12) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(8\)\(b\)](#)
- F72** S. 45M(15)(c) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 4\(9\)](#)

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45N Effect of plant or machinery subsequently being primarily for use outside designated assisted areas

- (1) Expenditure on the provision of plant or machinery is to be treated as never having been first-year qualifying expenditure under section 45K if, at any relevant time—
 - (a) the primary use to which the plant and machinery is put is other than in an area which was a [^{F73}relevant area] at the time the expenditure was incurred, or
 - (b) the plant or machinery is held for use otherwise than primarily in an area which was [^{F74}a relevant] area at that time.
- (2) “Relevant time” means a time which—
 - (a) falls within the relevant period, and
 - (b) is a time when the plant or machinery is owned by—
 - (i) the person who incurred the expenditure, or
 - (ii) a person who is, or at any time in that period has been, connected with that person.
- (3) “The relevant period” means the period of 5 years beginning with—
 - (a) the day on which the plant or machinery in question is first brought into use for the purposes of a qualifying activity carried on by the company, or
 - (b) if earlier, the day on which it is first held for such use.
- [“Relevant area” means—
 - ^{F75}(3A) (a) in relation to expenditure which would be within subsection (7A) of section 45M if paragraph (a) of that subsection were omitted, a designated assisted area within the meaning of section 45K which falls within Article 107(3)(a) of the Treaty on the Functioning of the European Union, and
 - (b) in relation to any other expenditure, a designated assisted area within the meaning of section 45K.]
- (4) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (1).
- (5) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, that person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.
- (6) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.]

Textual Amendments

- F58** Ss. 45K-45N inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#), [Sch. 11 para. 3](#)
- F73** Words in s. 45N(1) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 5\(2\)\(a\)](#)
- F74** Words in s. 45N(1) substituted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 5\(2\)\(b\)](#)
- F75** S. 45N(3A) inserted (with effect in accordance with Sch. 13 para. 8 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 13 para. 5\(3\)](#)

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46 General exclusions^{F76} ...

- (1) Expenditure within any of the general exclusions in subsection (2) is not first-year qualifying expenditure under [^{F77}any of the following provisions]—

^{F78}

^{F79}

^{F78}

[^{F80} section 45A (expenditure on energy-saving plant or machinery)] [^{F81},
section 45D (expenditure on cars with low CO₂ emissions),]

[^{F82}section 45DA (expenditure on zero-emission goods vehicles),]

[^{F83}section 45E (expenditure on plant or machinery for gas refuelling station)],

^{F84}
...

[^{F85}section 45EA (expenditure on plant or machinery for electric vehicle charging point)]

[^{F86}section 45F (expenditure on plant and machinery for use wholly in a ring fence trade)]

[^{F87}section 45H expenditure on environmentally beneficial plant or machinery.]

[^{F88}section 45K (expenditure on plant and machinery for use in designated assisted areas).]

- (2) The general exclusions are—

General exclusion 1

The expenditure is incurred in the chargeable period in which the qualifying activity is permanently discontinued.

General exclusion 2

The expenditure is incurred on the provision of a car (as defined by section [^{F89}268A]).

^{F90}
...

^{F91}
...

General exclusion 5

The expenditure would be long-life asset expenditure but for paragraph 20 of Schedule 3 (transitional provisions).

General exclusion 6

The expenditure is on the provision of plant or machinery for leasing (whether in the course of a trade or otherwise).

For this purpose, the letting of a ship on charter, or of any other asset on hire, is to be regarded as leasing (whether or not it would otherwise be so regarded).

General exclusion 7

The circumstances of the incurring of the expenditure are that—

- (a) the provision of the plant or machinery on which the expenditure is incurred is connected with a change in the nature or conduct of a trade or business carried on by a person other than the person incurring the expenditure, and

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- (b) the obtaining of a first-year allowance is the main benefit, or one of the main benefits, which could reasonably be expected to arise from the making of the change.

General exclusion 8

[^{F92}Any] of the following sections applies—

section 13 (use for qualifying activity of plant or machinery provided for other purposes);

[^{F93}section 13A (use for other purposes of plant or machinery provided for long funding leasing);]

section 14 (use for qualifying activity of plant or machinery which is a gift).

This is subject to section 161 (pre-trading expenditure on mineral exploration and access).

[^{F94}(3) Subsection (1) is subject to the following provisions of this section.

- (4) General exclusion 2 does not prevent expenditure being first-year qualifying expenditure under section 45D.]

[^{F95}(5) General exclusion 6 does not prevent expenditure being first-year qualifying expenditure under any of the following provisions—

section 45A, if the condition in subsection (6) is met,

^{F96} ...

section 45H, if the condition in subsection (6) is met.

- (6) The condition is that the plant or machinery is provided for leasing under an excluded lease of background plant or machinery for a building, within the meaning given by section 70R.]

Textual Amendments

- F76** Words in s. 46 heading omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(5\)\(b\)\(ii\)](#) (with s. 76(7)(8))
- F77** Words in s. 46(1) inserted (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 4\(1\)\(a\)](#)
- F78** S. 46(1) entries omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\), s. 76\(5\)\(b\)\(i\)](#) (with s. 76(7)(8))
- F79** S. 46(1) entry omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 75\(3\)\(b\)](#)
- F80** Words in s. 46(1) inserted (with effect as mentioned in s. 65 of the amending Act) by [Finance Act 2001 \(c. 9\), s. 65](#), [Sch. 17 para. 3](#)
- F81** Entry in s. 46(1) relating to s. 45D inserted (with effect as mentioned in s. 59 of the amending Act) by [Finance Act 2002 \(c. 23\), s. 59](#), [Sch. 19 para. 4\(2\)](#)
- F82** Words in s. 46(1) inserted (with effect in accordance with Sch. 7 para. 7 of the amending Act) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), [Sch. 7 para. 4](#)
- F83** Entry in s. 46(1) relating to s. 45E inserted (with effect as mentioned in s. 61 of the amending Act) by [Finance Act 2002 \(c. 23\), s. 61](#), [Sch. 20 para. 4](#)
- F84** Word in s. 46(1) repealed (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#), [Sch. 30 para. 4\(1\)\(b\)](#), [43 Pt. 3\(9\)](#)
- F85** Words in s. 46(1) inserted (16.11.2017) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 38\(4\)](#)
- F86** Entry in s. 46(1) relating to s. 45F inserted (with effect as mentioned in s. 63 of the amending Act) by [Finance Act 2002 \(c. 23\), s. 63](#), [Sch. 21 para. 5](#)

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- F87** Words in s. 46(1) added (with effect in accordance with s. 167 of the amending Act) by [Finance Act 2003 \(c. 14\)](#) , [Sch. 30 para. 4\(1\)\(c\)](#)
- F88** Words in s. 46(1) inserted (with effect in accordance with Sch. 11 para. 8 of the amending Act) by [Finance Act 2012 \(c. 14\)](#) , [Sch. 11 para. 4](#)
- F89** Word in s. 46(2) substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#) , [Sch. 11 para. 3](#) (with [Sch. 11 paras. 30-32](#))
- F90** Words in s. 46(2) omitted (with effect in accordance with s. 70(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#) , [s. 70\(1\)\(a\)](#)
- F91** Words in s. 46(2) omitted (with effect in accordance with s. 70(2) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#) , [s. 70\(1\)\(b\)](#)
- F92** Word in s. 46(2) substituted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#) , [Sch. 8 para. 4\(2\)\(a\)](#)
- F93** Words in s. 46(2) inserted (with effect in accordance with Sch. 8 para. 15 of the amending Act) by [Finance Act 2006 \(c. 25\)](#) , [Sch. 8 para. 4\(2\)\(b\)](#)
- F94** Entry relating to s. 46(3)(4) inserted (with effect as mentioned in [s. 59](#) of the amending Act) by [Finance Act 2002 \(c. 23\)](#) , [s. 59](#) , [Sch. 19 para. 4\(3\)](#)
- F95** S. 46(5)(6) substituted for s. 46(5) (with effect in accordance with Sch. 9 para. 11(3) of the amending Act) by [Finance Act 2006 \(c. 25\)](#) , [Sch. 9 para. 11\(2\)](#)
- F96** Words in s. 46(5) omitted (with effect in accordance with s. 68(5)(7)(8) of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#) , [s. 68\(2\)](#)

Expenditure of small or medium-sized enterprises

F97 47 Expenditure of small or medium-sized enterprises: companies

.....

Textual Amendments

- F97** Ss. 47-49 omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#) , [s. 75\(3\)\(c\)](#)

F97 48 Expenditure of small or medium-sized enterprises: businesses

.....

Textual Amendments

- F97** Ss. 47-49 omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#) , [s. 75\(3\)\(c\)](#)

F97 49 Whether company is a member of a large or medium-sized group

.....

Textual Amendments

- F97** Ss. 47-49 omitted (with effect in accordance with s. 75(5)-(8) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#) , [s. 75\(3\)\(c\)](#)

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Supplementary

50 Time when expenditure is incurred

In determining whether expenditure is first-year qualifying expenditure under this Chapter, any effect of section 12 on the time at which it is to be treated as incurred is to be disregarded.

^{F98}**51 Disclosure of information between UK tax authorities**

.....

Textual Amendments

F98 S. 51 omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 76\(5\)\(c\)](#) (with [s. 76\(7\)\(8\)](#))

Status:

Point in time view as at 01/04/2018.

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 4.