



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 5

ALLOWANCES AND CHARGES

Writing-down and balancing allowances and balancing charges

55 Determination of entitlement or liability

- (1) Whether a person is entitled to a writing-down allowance or a balancing allowance, or liable to a balancing charge, for a chargeable period is determined separately for each pool of qualifying expenditure and depends on—
 - (a) the available qualifying expenditure in that pool for that period (“AQE”), and
 - (b) the total of any disposal receipts to be brought into account in that pool for that period (“TDR”).
- (2) If AQE exceeds TDR, the person is entitled to a writing-down allowance or a balancing allowance for the period.
- (3) If TDR exceeds AQE, the person is liable to a balancing charge for the period.
- (4) The entitlement under subsection (2) is to a writing-down allowance except for the final chargeable period when it is to a balancing allowance.
- (5) The final chargeable period is given by section 65.
- (6) Subsection (2) is subject to [F1section 104F (special rate cars: discontinued activity continued by relevant company) and] section 110(1) (overseas leasing: allowances prohibited in certain cases).

*Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001,
 Cross Heading: Writing-down and balancing allowances and balancing charges. (See end of Document for details)*

Textual Amendments

- F1** Words in s. 55(6) 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. 16** (with Sch. 11 paras. 30-32)

56 Amount of allowances and charges

- (1) The amount of the writing-down allowance to which a person is entitled for a chargeable period is [^{F2}18%] of the amount by which AQE exceeds TDR.

[^{F3}(1A) But in relation to qualifying expenditure incurred wholly for the purposes of a ring fence trade in respect of which tax is chargeable under [^{F4}section 330(1) of CTA 2010] (supplementary charge in respect of ring fence trades), the amount of the writing-down allowance to which a person is entitled for a chargeable period is 25% of the amount by which AQE exceeds TDR.]

- (2) [^{F5}Subsections (1) and (1A) are] subject to—

- [^{F6}(za) section 56A (small main pools and special rate pools),]
- [^{F7}(a) section 104D (special rate expenditure: [^{F8}[^{F9}6%] or] 10%), and]
- (b) section 109 (overseas leasing: 10%).

- (3) If the chargeable period is more or less than a year, the amount is proportionately increased or reduced.
- (4) If the qualifying activity has been carried on for part only of the chargeable period, the amount is proportionately reduced.
- (5) A person claiming a writing-down allowance may require the allowance to be reduced to a specified amount.
- (6) The amount of the balancing charge to which a person is liable for a chargeable period is the amount by which TDR exceeds AQE.
- (7) The amount of the balancing allowance to which a person is entitled for the final chargeable period is the amount by which AQE exceeds TDR.

Textual Amendments

- F2** Word in s. 56(1) substituted (with effect in accordance with s. 10(8)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **s. 10(2)**
- F3** S. 56(1A) inserted (with effect in accordance with s. 80(8)-(12) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **s. 80(3)**
- F4** Words in s. 56(1A) 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. 326** (with Sch. 2)
- F5** Words in s. 56(2) substituted (with effect in accordance with s. 80(8) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **s. 80(4)**
- F6** S. 56(2)(za) inserted (with effect in accordance with s. 81(5) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **s. 81(2)**
- F7** S. 56(2)(a) substituted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 26 para. 4**
- F8** Words in s. 56(2)(a) inserted (with effect in accordance with s. 10(8)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **s. 10(4)(b)**

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001,
Cross Heading: Writing-down and balancing allowances and balancing charges. (See end of Document for details)

F9 Word in s. 56(2)(a) substituted (with effect in accordance with s. 31(4)(8) of the amending Act) by Finance Act 2019 (c. 1), s. 31(3)(a)

[^{F10}56A Writing-down allowances for small pools

- (1) This section applies in relation to the main pool and the special rate pool.
- (2) Where the amount by which AQE exceeds TDR is less than or equal to the small pool limit, the amount of the writing-down allowance to which a person is entitled for a chargeable period is the amount by which AQE exceeds TDR.
- (3) The small pool limit is £1,000, except that—
 - (a) if the chargeable period is more or less than a year, it is proportionately increased or reduced, and
 - (b) if the qualifying activity has been carried on for part only of the chargeable period, it is proportionately reduced.
- (4) A person claiming a writing-down allowance under this section may require the allowance to be reduced to a specified amount.
- (5) The Treasury may by order substitute for the amount for the time being specified in subsection (3) such other amount as it thinks fit.
- (6) An order under subsection (5) may make such incidental, supplemental, consequential and transitional provision as the Treasury thinks fit.]

Textual Amendments

F10 S. 56A inserted (with effect in accordance with s. 81(5) of the amending Act) by Finance Act 2008 (c. 9), s. 81(3)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross
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