



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 2A

STRUCTURES AND BUILDINGS ALLOWANCES

[^{F1}CHAPTER 5

CALCULATING THE ALLOWANCE: SUPPLEMENTARY PROVISION

Textual Amendments

- F1** Pt. 2A inserted (5.7.2019) by [The Capital Allowances \(Structures and Buildings Allowances\) Regulations 2019 \(S.I. 2019/1087\)](#), regs. 1, 2

270EA Proportionate adjustment in certain cases

- (1) This section applies if a person is entitled to an allowance under section 270AA(2) for a chargeable period.
- (2) If the chargeable period is more or less than one year, the allowance is proportionately increased or reduced.
- (3) If—
 - (a) the conditions in section 270AA(2)(a) and [^{F2}(b)(i)] are met on some, but not all, days during the chargeable period,
[^{F3}(aa) the period mentioned in section 270AA(2)(b)(ii) expires part way through the chargeable period,] or
 - (b) entitlement to the allowance ceases under section 270AA(4) on any day during the chargeable period,the allowance is proportionately reduced.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, CHAPTER 5. (See end of Document for details)

Textual Amendments

- F2** Word in s. 270EA(3)(a) substituted (1.4.2020 for corporation tax purposes and 6.4.2020 for income tax purposes) by [Finance Act 2020 \(c. 14\), s. 29\(3\)\(a\)\(6\)](#) (with s. 29(7))
- F3** S. 270EA(3)(aa) inserted (1.4.2020 for corporation tax purposes and 6.4.2020 for income tax purposes) by [Finance Act 2020 \(c. 14\), s. 29\(3\)\(b\)\(6\)](#) (with s. 29(7))

270EB Multiple uses

- (1) This section applies if—
- (a) a person is entitled to an allowance under section 270AA(2) by reference to a building or structure for a chargeable period, and
 - (b) the building or structure is put to multiple uses.
- (2) The allowance, in relation to a qualifying activity, for a chargeable period of one year is [^{F4}the relevant percentage] of the appropriate proportion of the qualifying expenditure.
- (3) A building or structure is “put to multiple uses” if—
- (a) the building or structure is used for the purposes of two or more qualifying activities,
 - (b) part of the building or structure is in use for the purposes of a qualifying activity and part of the building or structure is in use for the purposes of another activity, or
 - (c) part of the building or structure, which is not an area within a dwelling-house, is used both for the purposes of a qualifying activity and for the purposes of another activity.

[For the purposes of subsection (2), “the relevant percentage” means the percentage ^{F5}(3A) specified in section 270AA(5).]

- (4) For the purposes of subsection (2), the “appropriate proportion” of the qualifying expenditure is the amount of that expenditure that would be apportioned to the qualifying activity if that expenditure were apportioned, on a just and reasonable basis, between all the activities for which the building or structure is used, having regard (in particular) to the extent to which the building or structure is used for each activity in the chargeable period.

Textual Amendments

- F4** Words in s. 270EB(2) substituted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 22 para. 11\(2\)](#)
- F5** S. 270EB(3A) inserted (10.6.2021) by [Finance Act 2021 \(c. 26\), Sch. 22 para. 11\(3\)](#)

[^{F6}270EC Research and development

- (1) This section applies if, at any time, a person sells the relevant interest in a building or structure to another.
- (2) The total amount of the allowances under this Part by reference to the building or structure that is available to the person buying the relevant interest is reduced (but not below nil) by the amount of any Part 6 allowance to which the person is entitled by reference to the building or structure.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, CHAPTER 5. (See end of Document for details)

- (3) There is another restriction on the total amount of those allowances which applies if—
- (a) the sale in question, or a sale of the relevant interest at an earlier time, is by a person entitled to a Part 6 allowance by reference to the building or structure, and
 - (b) the amount paid for the relevant interest on any of those sales is less than the ordinary Part 2A amount (see subsection (6)).
- (4) The other restriction is that the total amount of the allowances under this Part by reference to the building or structure that is available to the person buying the relevant interest may not exceed the permitted maximum.
- (5) For this purpose “the permitted maximum” is—
- (a) the lowest sum paid for the relevant interest on the sale in question or any earlier sale within subsection (3)(a), less
 - (b) the total amount of the allowances under this Part arising by reference to the building or structure since the earliest sale identified for the purposes of paragraph (a) of this subsection.
- (6) In this section “the ordinary Part 2A amount” means—
- (a) the amount of the qualifying expenditure, by reference to which an allowance can be made under this Part, incurred in relation to the building or structure before the time of the sale in question, less
 - (b) the total amount of the allowances under this Part arising before that time by reference to the building or structure.
- (7) In this section any reference to allowances under this Part is to allowances to which an entitlement has arisen under this Part or would have arisen under this Part if the building or structure had been in continuous qualifying use since it was first brought into non-residential use.
- (8) In this section “Part 6 allowance”, in relation to a person and a building or structure, means an allowance under Part 6 in respect of expenditure incurred by the person on its construction or acquisition.]]

Textual Amendments

- F6** S. 270EC substituted (with effect in accordance with Sch. 5 para. 8 of the amending Act) by [Finance Act 2020 \(c. 14\)](#), [Sch. 5 para. 2](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001,
CHAPTER 5.