



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3

INDUSTRIAL BUILDINGS ALLOWANCES

CHAPTER 10

ADDITIONAL VAT LIABILITIES AND REBATES

[^{F1} Additional VAT liabilities

Textual Amendments

- F1** Pt. 3 omitted (with effect in relation to chargeable periods beginning on or after 1.4.2011 for corporation tax purposes and 6.4.2011 for income tax purposes in accordance with ss. 84(1)(3)(4), 85, 86 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 84\(2\)](#) (with [Sch. 27](#))

346 Additional VAT liabilities and initial allowances

- (1) This section applies if—
- (a) a person was entitled to an initial allowance in respect of qualifying enterprise zone expenditure,
 - (b) the person entitled to the relevant interest in relation to that expenditure incurs an additional VAT liability in respect of that expenditure,
 - (c) the additional VAT liability is incurred at a time when the building is, or is to be, an industrial building—
 - (i) occupied by the person entitled to the relevant interest or a qualifying lessee, or
 - (ii) used by a qualifying licensee, and
 - (d) the additional VAT liability is incurred not more than 10 years after the site of the building was first included in the enterprise zone.

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

- (2) If this section applies, the person entitled to the relevant interest is entitled to an initial allowance on the amount of the additional VAT liability.
- (3) The amount of the initial allowance is 100% of the amount of the additional VAT liability.
- (4) A person claiming an initial allowance under this section may require the allowance to be reduced to a specified amount.
- (5) The allowance is made for the chargeable period in which the additional VAT liability accrues.
- (6) The persons mentioned in subsection (1)(a) and (b) need not be the same.

347 Additional VAT liabilities and writing-down allowances

- (1) This section applies if the person entitled to the relevant interest in relation to qualifying expenditure incurs an additional VAT liability in respect of that expenditure.
- (2) If this section applies—
 - (a) the additional VAT liability is treated as qualifying expenditure, and
 - (b) the amount of the residue of qualifying expenditure is accordingly increased at the time when the liability accrues by the amount of the liability.
- (3) The incurring of the additional VAT liability is a relevant event for the purposes of section 311 (calculation of writing-down allowances) that is to be treated as occurring at the time when the liability accrues.

348 Additional VAT liabilities and writing off initial allowances

If an initial allowance is made in respect of an additional VAT liability incurred after the building is first used, the amount of the allowance is written off at the time when the liability accrues.]

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross
Heading: Additional VAT liabilities.