



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3

INDUSTRIAL BUILDINGS ALLOWANCES

CHAPTER 7

BALANCING ADJUSTMENTS

[^{F1} Meaning of “the relevant period of ownership” etc.

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](#))

321 The relevant period of ownership

The relevant period of ownership is the period beginning—

- (a) with the day on which the building was first used for any purpose, or
- (b) if the relevant interest has been sold after that day, with the day following that on which the sale (or the last such sale) occurred,

and ending with the day on which the balancing event occurs.

322 Starting expenditure

- (1) This section gives the starting expenditure for the purposes of this Chapter.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Meaning of “the relevant period of ownership” etc.. (See end of Document for details)

- (2) If the person to or on whom the balancing allowance or balancing charge falls to be made is the person who incurred the qualifying expenditure, that expenditure is the starting expenditure.
- (3) Otherwise, the starting expenditure is the residue of qualifying expenditure at the beginning of the relevant period of ownership.
- (4) If section 340 (treatment of demolition costs) applies, the starting expenditure is increased by an amount equal to the net cost of the demolition.

323 Adjusted net cost

The amount of the adjusted net cost is—

$$(S - P) \times \frac{I}{R}$$

where—

S is the starting expenditure,

P is the amount of any proceeds from the balancing event,

I is the number of days in the relevant period of ownership on which the building was an industrial building or used for research and development, and

R is the number of days in the whole of the relevant period of ownership.

324 Net allowances

For the purposes of this Chapter, the amount of the net allowances made, in relation to any qualifying expenditure, is—

$$(I + WDA + RDA) - B$$

where—

I is the amount of any initial allowances made to the person in relation to that qualifying expenditure,

WDA is the amount of any writing-down allowances made to the person for chargeable periods ending on or before the date of the balancing event giving rise to the balancing adjustment,

RDA is the amount of any allowances under Part 6 (research and development allowances) made to the person for such chargeable periods, and

B is the amount of any balancing charges made on the person for such chargeable periods.]

Changes to legislation:

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