



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3A

BUSINESS PREMISES RENOVATION ALLOWANCES

[^{F1}CHAPTER 10

ADDITIONAL VAT LIABILITIES AND REBATES

Textual Amendments

- F1** Pt. 3A inserted (11.4.2007 with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\), Sch. 6 para. 1; S.I. 2007/949, art. 2](#)

360T Introduction

For the purposes of this Chapter—

- (a) “ additional VAT liability ” and “ additional VAT rebate ” have the meanings given by section 547,
- (b) the time when—
 - (i) a person incurs an additional VAT liability, or
 - (ii) an additional VAT rebate is made to a person,is given by section 548, and
- (c) the chargeable period in which, and the time when, an additional VAT liability or an additional VAT rebate accrues are given by section 549.

360U Additional VAT liabilities and initial allowances

(1) This section applies if—

- (a) a person was entitled to an initial allowance under this Part in respect of qualifying expenditure on a qualifying building,

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 10. (See end of Document for details)

- (b) that person incurs an additional VAT liability in respect of that expenditure, and
 - (c) the additional VAT liability is incurred at a time when the qualifying building is, or is about to be, qualifying business premises.
- (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.

360V 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.

360W Additional VAT liabilities and writing off initial allowances

If an initial allowance is made in respect of an additional VAT liability incurred after the qualifying business premises are first used or suitable for letting for business use, the amount of the allowance is written off at the time when the liability accrues.

360X Additional VAT rebates and balancing adjustments

- (1) If an additional VAT rebate is made in respect of qualifying expenditure to the person entitled to the relevant interest in relation to that qualifying expenditure—
- (a) the making of the rebate is a balancing event for the purposes of this Part, but
 - (b) the making of balancing adjustments as a result of the event is subject to subsections (2) and (3).
- (2) No balancing allowance is to be made as a result of the event.
- (3) A balancing charge is not to be made as a result of the event unless—
- (a) the amount of the additional VAT rebate is more than the amount of the residue of qualifying expenditure immediately before the time when the rebate accrues, or
 - (b) there is no such residue.
- (4) The amount of the balancing charge is—
- (a) the amount of the difference, or
 - (b) the amount of the rebate (if there is no residue).

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 10. (See end of Document for details)

360Y Additional VAT rebates and writing off qualifying expenditure

If an additional VAT rebate is made in respect of qualifying expenditure, an amount equal to the rebate is written off at the time when the rebate accrues.]

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 10.