



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3A

BUSINESS PREMISES RENOVATION ALLOWANCES

[^{F1}CHAPTER 2

QUALIFYING EXPENDITURE

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](#)

360B Meaning of “qualifying expenditure”

[^{F2}(1) In this Part “qualifying expenditure” means capital expenditure incurred before the expiry date—

- (a) in respect of which Conditions A and B are met, and
- (b) which is not excluded by subsection (3), (3B) or (3D).]

(2) In subsection (1) “the expiry date” means—

- (a) the fifth anniversary of the day appointed under section 92 of [^{F3}FA] 2005, or
- (b) such later date as the Treasury may prescribe by regulations.

[Condition A is that the expenditure is incurred on—

- ^{F4}(2A)
- (a) the conversion of a qualifying building into qualifying business premises,
 - (b) the renovation of a qualifying building if it is or will be qualifying business premises, or
 - (c) repairs to a qualifying building or, where the building is part of a building, to the building of which the qualifying building forms part, to the extent that the repairs are incidental to expenditure within paragraph (a) or (b).

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- (2B) Condition B is that the expenditure is incurred on—
- (a) building works,
 - (b) architectural or design services,
 - (c) surveying or engineering services,
 - (d) planning applications, or
 - (e) statutory fees or statutory permissions.
- (2C) But Condition B is treated as met in respect of expenditure incurred on matters not mentioned in that Condition to the extent that that expenditure (in total) does not exceed 5% of the qualifying expenditure incurred on the matters mentioned in subsection (2B)(a) to (c).]
- (3) Expenditure is [^{F5}excluded] if it is incurred on or in connection with—
- (a) the acquisition of land or rights in or over land,
 - (b) the extension of a qualifying building (except to the extent required for the purpose of providing a means of getting to or from qualifying business premises),
 - (c) the development of land adjoining or adjacent to a qualifying building, or
 - (d) the provision of plant and machinery, other than plant or machinery which is or becomes a fixture [^{F6}(as defined by section 173(1)) and falls within subsection (3A)].
- [The fixtures which fall within this subsection are—
- ^{F7}(3A) (a) integral features within the meaning of section 33A (taking account of section 33A(6) and any provision for the time being made under section 33A(7)) or part of such a feature;
- (b) automatic control systems for opening and closing doors, windows and vents;
 - (c) window cleaning installations;
 - (d) fitted cupboards and blinds;
 - (e) protective installations such as lightning protection, sprinkler and other equipment for containing or fighting fires, fire alarm systems and fire escapes;
 - (f) building management systems;
 - (g) cabling in connection with telephone, audio-visual data installations and computer networking facilities, which are incidental to the occupation of the building;
 - (h) sanitary appliances, and bathroom fittings which are hand driers, counters, partitions, mirrors or shower facilities;
 - (i) kitchen and catering facilities for producing and storing food and drink for the occupants of the building;
 - (j) signs;
 - (k) public address systems;
 - (l) intruder alarm systems.
- (3B) Expenditure is excluded if, and to the extent that, it exceeds the market value amount for the works, services or other matters to which it relates.
- (3C) “The market value amount” means the amount of expenditure which it would have been normal and reasonable to incur on the works, services or other matters—
- (a) in the market conditions prevailing when the expenditure was incurred, and

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- (b) assuming the transaction as a result of which the expenditure was incurred was between persons dealing with each other at arm's length in the open market.
- (3D) Expenditure is excluded if the qualifying building was used at any time during the period of 12 months ending with the day on which the expenditure is incurred.]
- (4) For the purposes of this section, expenditure incurred on repairs to a building is to be treated as capital expenditure if it is not expenditure that would be allowed to be deducted in calculating the profits of a property business, or of a trade, profession or vocation, for tax purposes.
 - (5) The Treasury may by regulations ^[F8]—
 - (a) amend this section so as to add a description of fixture to the list in subsection (3A), or vary or remove a description of fixture in that list;
 - (b) make further provision as to expenditure which is, or is not, qualifying expenditure.

Textual Amendments

- F2** S. 360B(1) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(2\)](#)
- F3** Word in s. 360B(2)(a) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(5\)\(a\)](#)
- F4** Ss. 360B(2A)-(2C) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(3\)](#)
- F5** Word in s. 360B(3) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(4\)\(a\)](#)
- F6** Words in s. 360B(3)(d) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(4\)\(b\)](#)
- F7** Ss. 360B(3A)-(3D) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(5\)](#)
- F8** Words in s. 360B(5) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(6\)](#)

^[F9]**Expenditure not treated as qualifying expenditure if delay in carrying out works** **360BAetc**

- (1) This section applies where—
 - (a) (ignoring this section) qualifying expenditure is incurred on works, services or other matters in a chargeable period, and
 - (b) those works, services or other matters are not completed or provided before the end of the period of 36 months beginning with the date the expenditure was incurred.
- (2) To the extent that it relates to so much of those works, services or other matters as are not completed or provided before the end of that period, the expenditure is to be treated for the purposes of this Part as never having been incurred (unless and until subsection (6) applies).
- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (2).
- (4) If a person who has made a tax return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, the person must

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give notice to an officer of Revenue and Customs specifying how the return needs to be amended.

- (5) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (6) If, at any time after the end of the period mentioned in subsection (1)(b), those works, services or other matters are completed or provided, the expenditure to which subsection (2) applies is to be treated for the purposes of this Part as incurred at that time.]]

Textual Amendments

- F9** S. 360BA inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014](#) (c. 26), s. 66(7)

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