



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 4

AGRICULTURAL BUILDINGS ALLOWANCES

[^{F1}CHAPTER 2

THE RELEVANT INTEREST

Textual Amendments

- F1** Pt. 4 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 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 84\(2\)](#) (with [Sch. 27](#))

364 General rule as to what is the relevant interest

- (1) The relevant interest in relation to any qualifying expenditure is the freehold or leasehold interest in the related agricultural land to which the person who incurred the expenditure on the construction of the agricultural building was entitled when the expenditure was incurred.
- (2) Subsection (1) is subject to the following provisions of this Chapter.
- (3) If, when the expenditure was incurred—
 - (a) the person was entitled to freehold and leasehold interests or to more than one leasehold interest in the related agricultural land, and
 - (b) one of those interests was reversionary on all the others,the reversionary interest is the relevant interest.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 2. (See end of Document for details)

365 Effect of creation of subordinate lease

An interest does not cease to be the relevant interest merely because of the creation of a lease or other interest to which that interest is subject.

366 Interest conveyed or assigned by way of security

If an interest in land is—

- (a) conveyed or assigned by way of security, and
- (b) subject to a right of redemption,

the person with the right of redemption is treated for the purposes of this Part as having that interest, and not the creditor.

367 Merger of leasehold interest

- (1) If the relevant interest is a leasehold interest which is extinguished on—
 - (a) being surrendered, or
 - (b) the person entitled to it acquiring the interest which is reversionary on it,
 the interest into which the leasehold interest merges becomes the relevant interest when the leasehold interest is extinguished.
- (2) If the person who owns the interest into which the leasehold interest is merged is not the same as the person who owned the leasehold interest, the relevant interest is to be treated for the purposes of this Part as acquired by the owner of the interest into which the leasehold interest is merged.
- (3) Subsection (1) does not apply if a new lease of the whole or a part of the related agricultural land is granted to take effect on the extinguishment of the former leasehold interest.

368 Provisions applying on ending of lease

- (1) This section applies if—
 - (a) a lease which is the relevant interest comes to an end, and
 - (b) section 367(1) does not apply.
- (2) If a new lease of the whole or a part of the related agricultural land is granted to the same lessee, the lessee is to be treated as continuing to have the same relevant interest in the whole of the related agricultural land.
- (3) If—
 - (a) a new lease of the whole or a part of the related agricultural land is granted to a different lessee, and
 - (b) that lessee (“the incoming lessee”) makes a payment to the outgoing lessee in respect of assets representing the qualifying expenditure,
 the incoming lessee is to be treated as acquiring the relevant interest in the whole of the related agricultural land.
- (4) In any other case, the former lease and the interest of the lessor under it are to be treated as the same interest; and so the relevant interest in the whole of the related agricultural land is to be treated as acquired by the lessor.]

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 2.