



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 4

AGRICULTURAL BUILDINGS ALLOWANCES

[^{F1}CHAPTER 3

QUALIFYING EXPENDITURE

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](#))

369 Capital expenditure on construction of agricultural building

- (1) If—
- capital expenditure has been incurred on the construction of an agricultural building,
 - the expenditure was incurred for the purposes of husbandry as mentioned in section 361, and
 - the relevant interest has not been sold or, if it has been sold, has been sold only after the first use of the building,
- the capital expenditure is qualifying expenditure.
- (2) Subsections (3) and (4) apply if the capital expenditure has been incurred on the construction of a farmhouse.
- (3) If the accommodation and amenities of the farmhouse are proportionate to the nature and extent of the farm, only one third of the capital expenditure is to be taken into account under subsection (1).

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 3. (See end of Document for details)

(4) If they are disproportionate, only such part of the expenditure as is just and reasonable (and not exceeding one third) is to be taken into account under subsection (1).

(5) If—

- (a) the capital expenditure is incurred on the construction of any agricultural building other than a farmhouse, and
- (b) the building is to be used partly for the purposes of husbandry on the related agricultural land and partly for other purposes,

only such part of the expenditure as, on a just and reasonable apportionment, is referable to use for the purposes of husbandry is to be taken into account under subsection (1).

370 Purchase of relevant interest before first use of agricultural building

(1) This section applies if—

- (a) capital expenditure has been incurred on the construction of an agricultural building,
- (b) the expenditure was incurred for the purposes of husbandry as mentioned in section 361,
- (c) the relevant interest is sold before the building is first used, and
- (d) a capital sum is paid by the purchaser for the relevant interest.

(2) The lesser of—

- (a) the capital expenditure incurred on the construction of the agricultural building, and
 - (b) the capital sum paid by the purchaser,
- is qualifying expenditure.

(3) For the purposes of subsections (1) and (2)—

- (a) capital expenditure incurred on the construction of the agricultural building does not include any amount excluded from being taken into account under section 369(3) to (5), and
- (b) the capital sum paid by the purchaser for the relevant interest does not include any amount which, on a just and reasonable apportionment, is attributable to assets representing expenditure in respect of which an allowance cannot be made under this Part.

(4) Subsection (3)(b) does not affect sections 562, 563 and 564(1) (apportionment and procedure for determining apportionment).

(5) The qualifying expenditure is to be treated as incurred when the capital sum became payable.

(6) If the relevant interest is sold more than once before the building is first used, subsection (2) has effect only in relation to the last of those sales.

371 Different relevant interests in different parts of the related agricultural land

If a person is entitled to different relevant interests in different parts of the related agricultural land—

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- (a) the expenditure is to be apportioned between those parts on a just and reasonable basis, and
- (b) this Part applies as if the person had incurred the expenditure apportioned to each part separately.]

Changes to legislation:

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