



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 10A

SPECIAL RATE EXPENDITURE

Rules applying to special rate expenditure

[^{F1}104E Disposal value of special rate assets

- (1) This section applies if—
 - (a) section 104D (writing-down allowances at [^{F2}[^{F3}6%] or] 10%) has had effect in relation to any special rate expenditure incurred by a person (“the taxpayer”),
 - (b) any disposal event occurs in relation to the item on which the expenditure was incurred,
 - (c) the disposal value to be brought into account by the taxpayer would (but for this section) be less than the notional written-down value of the item, and
 - (d) the disposal event is part of, or occurs as a result of, a scheme or arrangement the main purpose or one of the main purposes of which is the obtaining by the taxpayer of a tax advantage under this Part.
- (2) The disposal value that the taxpayer must bring into account is the notional written-down value of the item.
- (3) The notional written-down value is—

QE – A

where—

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 104E. (See end of Document for details)

QE is the taxpayer's expenditure on the item that is qualifying expenditure, and

A is the total of all allowances which could have been made to the taxpayer in respect of that expenditure if—

- (a) that expenditure had been the only expenditure that had ever been taken into account in determining the taxpayer's available qualifying expenditure,
- (b) where the item is a long-life asset, that expenditure had not been prevented by the application of a monetary limit from being long-life asset expenditure, and
- (c) all allowances had been made in full.]

Textual Amendments

- F1** Pt. 2 Ch. 10A inserted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 26 para. 2](#)
- F2** Words in s. 104E(1)(a) inserted (with effect in accordance with s. 10(8)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\), s. 10\(4\)\(b\)](#)
- F3** Word in s. 104E(1)(a) substituted (with effect in accordance with s. 31(4)(8) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 31\(3\)\(c\)](#)

Modifications etc. (not altering text)

- C13** S. 104E modified (21.7.2008) by [Finance Act 2008 \(c. 9\), s. 83\(7\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 104E.