



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]

[^{F2}104F Special rate cars: discontinued activity continued by relevant company

- (1) This section applies if—
 - (a) a company (“the taxpayer”) has incurred special rate expenditure within section 104A(1)(e) (expenditure on a car other than a main rate car) to which section 104C applies (allocation to special rate pool),
 - (b) the qualifying activity carried on by the taxpayer is permanently discontinued, and
 - (c) conditions A, B and C are met.
- (2) Condition A is that the qualifying activity carried on by the taxpayer consisted of or included (other than incidentally) making cars available to other persons.
- (3) Condition B is that, at any time in the 6 months after the taxpayer's qualifying activity is permanently discontinued, the qualifying activity of a group relief company consists of or includes (other than incidentally) making cars available to other persons.
- (4) Condition C is that the balancing allowance (“SBA”) to which the taxpayer would be entitled (but for this section) in respect of the special rate pool is greater than—

BC – OBA

where—

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

BC is the total of the balancing charges (if any) to which the taxpayer is liable for the final chargeable period in respect of any pool, and

OBA is the total of the balancing allowances to which the taxpayer is entitled for that period in respect of any pool other than the special rate pool.

For the purposes of this section if BC–OBA is a negative amount it is to be treated as if it were nil.

- (5) The balancing allowance to which the taxpayer is entitled in respect of the special rate pool is reduced to an amount equal to BC–OBA.
- (6) The relevant company is to be treated as having incurred qualifying expenditure within section 104A(1)(e) (“notional expenditure”), whether or not the relevant company owns cars previously owned by the taxpayer.
- (7) The amount of the notional expenditure is an amount equal to the amount by which SBA exceeds BC–OBA.
- (8) The relevant company is to be treated as having incurred the notional expenditure on the day after the end of the taxpayer’s final chargeable period.
- (9) If part of the chargeable period in which the relevant company is treated as incurring expenditure under this section (“the acquisition period”) overlaps with the taxpayer’s penultimate chargeable period—
 - (a) the part of the expenditure which is proportional to that part of the acquisition period is not to be taken into account in determining the relevant company’s available qualifying expenditure for the acquisition period, but
 - (b) this does not prevent that part of the expenditure being taken into account in determining the relevant company’s available qualifying expenditure for any subsequent chargeable period.
- (10) In this section—
 - “car” has the meaning given in section 268A;
 - “company” means any body corporate;
 - “group relief company” means—
 - (a) a company to which group relief under [F³Part 5 of CTA 2010] would be available (on the making of a claim) in respect of balancing allowances surrendered by the taxpayer in the taxpayer’s final chargeable period, and
 - (b) a company to which such relief would be available (on the making of a claim) in respect of balancing allowances surrendered by a company within paragraph (a);
 - “main rate car” has the meaning given in section 104AA;
 - “penultimate chargeable period” means the chargeable period preceding the final chargeable period;
 - “the relevant company” means the group relief company mentioned in subsection (3) or, if there is more than one, the one—
 - (a) nominated by the taxpayer not more than 6 months after the end of the taxpayer’s final chargeable period, or
 - (b) in the absence of such a nomination, nominated by Her Majesty’s Revenue and Customs.]

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

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Textual Amendments

- F2** S. 104F inserted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by Finance Act 2009 (c. 10), **Sch. 11 para. 9** (with Sch. 11 paras. 30-32)
- F3** Words in s. 104F(10) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 333** (with Sch. 2)

Changes to legislation:

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