



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

#### CHAPTER 11

#### OVERSEAS LEASING

*Recovery of allowances given in cases where prohibition applies*

#### **114 Prohibited allowances: standard recovery mechanism**

- (1) If—
- (a) a first-year allowance, a writing-down allowance or a balancing allowance has been made in respect of expenditure incurred in providing plant or machinery, and
  - (b) at any time in the designated period, an event occurs such that the expenditure is brought within section 110(2) (cases where allowances are prohibited),
- the following provisions have effect in relation to the person owning the plant or machinery immediately before that event.
- (2) For the chargeable period in which the event occurs, the owner is—
- (a) liable to a balancing charge of an amount equal to  $A - R$ , and
  - (b) required to bring into account a disposal value of an amount equal to  $E - (A - R)$ .
- (3) For the purposes of subsection (2)—
- A is the amount of any allowances within subsection (1)(a),
  - R is any amount previously recovered under section 111 or 112 (recovery of excess allowances), and
  - E is the amount of the expenditure referred to in subsection (1)(a).

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***Changes to legislation:*** *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 114. (See end of Document for details)*

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- (4) For the purpose of calculating A, the amount of the allowances made in respect of expenditure on an item of plant or machinery is to be determined as if that item were the only item of plant or machinery in relation to which Chapter 5 had effect.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 114.