



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

#### CHAPTER 12

#### SHIPS

#### *Deferment of balancing charges*

#### **138 Limit on amount deferred**

- (1) The amount deferred must not exceed the smallest of the following amounts—
- (a) the amount of any balancing charge which, if the claim for deferment had not been made, would have been made for the chargeable period for which deferment is claimed in the appropriate non-ship pool;
  - (b) the amount given by section 139 (amount taken into account in respect of the old ship);
  - (c) the amount which is, or is expected to be, the amount of expenditure on new shipping incurred—
    - (i) by the shipowner or, if the shipowner is a company, by another company which is a member of the same group at the time when the expenditure is incurred, and
    - (ii) within the period of 6 years beginning with the relevant disposal event;
  - (d) the amount of the shipowner's profits or income from the qualifying activity for the chargeable period for which deferment is claimed.
- (2) In determining profits or income for the purposes of subsection (1)(d)—
- (a) any other amounts deferred under section 135 are to be taken into account, and

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*Changes to legislation:* There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 138. (See end of Document for details)

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- (b) any amounts brought forward under [<sup>F1</sup>section 83 of ITA 2007 or][<sup>F2</sup>section 45][<sup>F3</sup>, 45A or 45B] of CTA 2010] (losses) are to be disregarded.

**Textual Amendments**

- F1** Words in s. 138(2)(b) substituted (6.4.2007) by [Income Tax Act 2007 \(c. 3\), s. 1034\(1\), Sch. 1 para. 400](#) (with [Sch. 2](#))
- F2** Words in s. 138(2)(b) 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. 338](#) (with [Sch. 2](#))
- F3** Words in s. 138(2)(b) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\), Sch. 4 para. 125](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 138.