



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 14

FIXTURES

Restrictions on amount of qualifying expenditure

185 Fixture on which a plant and machinery allowance has been claimed

- (1) This section applies if—
- (a) a person (“the current owner”) is treated as the owner of a fixture as a result of incurring capital expenditure (“new expenditure”) on its provision,
 - (b) the plant or machinery is treated as having been owned at a relevant earlier time by any person (“the past owner”) as a result of incurring other expenditure,
 - (c) the plant or machinery is within paragraph (b) otherwise than as a result of section 538 (contribution allowances for plant and machinery), and
 - (d) the past owner is or has been required to bring the disposal value of the plant or machinery into account (as a result of having made a claim in respect of that other expenditure).
- (2) If the new expenditure exceeds the maximum allowable amount, the excess—
- (a) is to be left out of account in determining the current owner’s qualifying expenditure, or
 - (b) if the new expenditure has already been taken into account for this purpose, is to be treated as expenditure that should never have been taken into account.
- (3) The maximum allowable amount is—

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 185. (See end of Document for details)

D + I

where—

D is the disposal value of the plant or machinery which the past owner has been or is required to bring into account, and

I is any of the new expenditure that is treated under section 25 (building alterations in connection with installation) as expenditure on the provision of the plant or machinery.

- (4) If more than one disposal event has occurred requiring the past owner to bring the disposal value of the plant or machinery into account, the maximum allowable amount is calculated by reference only to the most recent of those events.
- (5) For the purposes of this section, the current owner and the past owner may be the same person.
- (6) In subsection (1)(b) “relevant earlier time” means (subject to subsection (7)) any time before the earliest time when the current owner is treated as owning the plant or machinery as a result of incurring the new expenditure.
- (7) If, before the earliest time when the current owner is treated as owning the plant or machinery as a result of incurring the new expenditure—
 - (a) any person has ceased to own the plant or machinery as a result of a sale,
 - (b) the sale was not a sale of the plant or machinery as a fixture, and
 - (c) the buyer and seller were not connected persons at the time of the sale,the relevant earlier time does not include any time before the seller ceased to own the plant or machinery.

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 185.