



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 16A

[^{F1}RESTRICTIONS ON ALLOWANCE BUYING]

What happens when Chapter applies

[^{F1}212P Effect of excess of allowances on pools

- (1) The unrelieved qualifying expenditure in each relevant pool is to be taken to be reduced at the beginning of the new period by the amount of the excess of allowances in relation to the pool.
- (2) The amount of the excess of allowances is to be treated from the beginning of the new period as if it were qualifying expenditure in a new pool of the same description as the relevant pool (and so subject to the same provisions of this Part, other than this Chapter).
- (3) Where, following the qualifying change, a person ceases to carry on [^{F2}a qualifying activity (or part of a qualifying activity)] and C begins to carry on (whether or not in partnership) [^{F3}that activity (or that part of an activity)] as part of its trade [^{F4}or business], for the purposes of claiming any allowance in respect of qualifying expenditure in the new pool the carrying on of [^{F5}that activity (or that part)] by C is to be regarded as the carrying on of a separate trade [^{F6}or business].
- (4) A loss attributable to an allowance claimed in respect of qualifying expenditure in the new pool may not be set off under section 37[^{F7}, 62 or 66] of CTA 2010 (^{F8}... loss relief against total profits of same or [^{F9}other] accounting period) [^{F10}or section 259 or 260(3) of this Act (special leasing)] otherwise than against the profits of a qualifying

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activity carried on by C, or any company that is a member of P, at the beginning of the relevant day.

- (5) And the amount of such a loss which may be so set off by any person is not to exceed the amount of the loss which would have been available for such set off by the person but for the qualifying change.
- (6) A loss attributable to an allowance claimed in respect of qualifying expenditure in the new pool may not be set off by way of group relief in accordance with Part 5 of CTA 2010 (surrender of losses by way of group relief) by a company (“the claimant company”) unless it would have been available for such set off but for the qualifying change.
- (7) And the amount of such a loss which is available for such set off by the claimant company is not to exceed the amount of the loss which would have been available for such set off by the claimant company but for the qualifying change.
- (8) Where any activity not carried on by C, or a company that is a member of P, at the beginning of the relevant day would otherwise be regarded for the purposes of corporation tax as forming part of a qualifying activity carried on by C or the member of P at that time it is not to be so regarded for the purposes of subsection (4).
- (9) In a case in which condition C in section 212C is met, the references in subsections (1) and (2) to the beginning of the new period are to the time of the qualifying change (and section 948 of CTA 2010 has effect subject to this section).]

Textual Amendments

- F1** Pt. 2 Ch. 16A inserted (8.4.2010) (with effect in accordance with Sch. 4 para. 5, 6 to the amending Act) by [Finance Act 2010 \(c. 13\)](#), [Sch. 4 para. 2](#)
- F2** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(a\)](#)
- F3** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(b\)](#)
- F4** Words in s. 212P(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(c\)](#)
- F5** Words in s. 212P(3) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(d\)](#)
- F6** Words in s. 212P(3) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(2\)\(e\)](#)
- F7** Words in s. 212P(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(a\)](#)
- F8** Word in s. 212P(4) omitted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(b\)](#)
- F9** Word in s. 212P(4) substituted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(c\)](#)
- F10** Words in s. 212P(4) inserted (with effect in accordance with Sch. 26 para. 13 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 26 para. 11\(3\)\(d\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 212P.