



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

Restrictions on allowances

[^{F1}215 Transactions to obtain tax advantages

- (1) Allowances under this Part are restricted [^{F2}, and balancing charges are imposed or increased,] under the applicable sections if [^{F3}B and S enter into a relevant transaction] that either—
 - (a) has an avoidance purpose, or
 - (b) is part of, or occurs as a result of, a scheme or arrangement that has an avoidance purpose.
- (2) Subsection (1)(b) may be satisfied—
 - (a) whether the scheme or arrangement was made before or after the relevant transaction was entered into, and
 - (b) whether or not the scheme or arrangement is legally enforceable.
- (3) A transaction, scheme or arrangement has an “avoidance purpose” if the main purpose, or one of the main purposes, of a party in entering into the transaction, scheme or arrangement is to enable a person to obtain a tax advantage under this Part that would not otherwise be obtained.
- (4) The reference in subsection (3) to obtaining a tax advantage that would not otherwise be obtained includes [^{F4}—

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 215. (See end of Document for details)

- (a)] obtaining an allowance that is in any way more favourable to a person than the one that would otherwise be obtained]^{F5}, and
 - (b) avoiding liability for the whole or part of a balancing charge to which a person would otherwise be liable].
- [^{F6}(4A) If the tax advantage relates to the disposal value of the plant or machinery under the relevant transaction (whether by obtaining a more favourable allowance or by avoiding the whole or part of a balancing charge) then—
- (a) the applicable section is section 218ZB, and
 - (b) the tax advantage is to be disregarded for the purposes of subsection (6) and (8)(b).]
- (5) If the tax advantage is of a kind described in subsection (7), “the applicable sections” are sections 217 and 218ZA(5).
- (6) Otherwise, “the applicable sections” are sections 217 and 218ZA(1) or, as the case may be, 218ZA(3).
- (7) The kinds of tax advantage are—
- (a) that an allowance to which B is entitled for a chargeable period is calculated using a percentage rate that is higher than the one that would otherwise be used, or
 - (b) that B is entitled to an allowance in respect of an amount of capital expenditure sooner than B would otherwise be entitled to it.
- (8) If a transaction, scheme or arrangement involves—
- (a) a tax advantage of a kind described in subsection (7), and
 - (b) a tax advantage not of such a kind,
- subsections (5) and (6) have effect separately in relation to each tax advantage.]

Textual Amendments

- F1** S. 215 substituted (with effect in accordance with Sch. 9 para. 9(1)(3) of the amending Act) by [Finance Act 2012 \(c. 14\), Sch. 9 para. 1](#)
- F2** Words in s. 215(1) inserted (with effect in accordance with s. 70(11) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 70\(6\)\(a\)](#)
- F3** Words in s. 215(1) substituted (with effect in accordance with s. 70(11) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 70\(6\)\(b\)](#)
- F4** Word in s. 215(4) inserted (with effect in accordance with s. 70(11) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 70\(7\)\(a\)](#)
- F5** S. 215(4)(b) and preceding word inserted (with effect in accordance with s. 70(11) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 70\(7\)\(b\)](#)
- F6** S. 215(4A) inserted (with effect in accordance with s. 70(11) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 70\(8\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 215.