



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 17

[^{F1}OTHER ANTI-AVOIDANCE]

[^{F1}Sale and leaseback: election for special treatment]

227 [^{F1}Sale and leaseback: election for special treatment]

- (1) Section 228 applies if—
- (a) B enters into a relevant transaction with S,
 - (b) the plant or machinery—
 - (i) is within section 216(1)(b) (sale and leaseback), ^{F2}...
 - ^{F2}(ii)
 - (c) the conditions set out in subsection (2) are met, and
 - (d) B and S elect that section 228 should apply.
- (2) The conditions are—
- (a) that S incurred capital expenditure on the provision of the plant or machinery,
 - (b) that the plant or machinery was unused and not second-hand at or after the time when it was acquired by S,
 - (c) that the plant or machinery was acquired by S otherwise than as a result of a transaction to which section [^{F3}217 or 218] applies,
 - (d) that the relevant transaction is effected not more than 4 months after the first occasion on which the plant or machinery is brought into use by any person for any purpose, and
 - (e) that S has not—

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 227. (See end of Document for details)

- (i) made a claim for an allowance under this Act in respect of expenditure incurred on the provision of the plant or machinery,
 - (ii) made a tax return in which such expenditure is taken into account in determining his available qualifying expenditure for the purposes of this Part, or
 - (iii) given notice of any such amendment of a tax return as provides for such expenditure to be so taken into account.
- (3) In subsection (2)(b) and (c), the references to the plant or machinery being acquired by S are, in a case where the relevant transaction between S and B falls within section 213(1)(c) (assignment), references to the making of the contract the benefit of which S assigns to B.
- (4) An election under this section—
- (a) must be made by notice to [^{F4}an officer of Revenue and Customs] no later than 2 years after the date of the transaction, and
 - (b) is irrevocable.
- (5) Nothing in—
- (a) section 42 of, or Schedule 1A to, TMA 1970 (claims and elections for income tax purposes), or
 - (b) paragraphs 54 to 60 of Schedule 18 to FA 1998 (claims and elections for corporation tax purposes),
- applies to such an election.
- (6) In subsection (4) “the date of the transaction” means the date of the sale, the making of the contract or the assignment referred to in section 213(1)(a) to (c).

Textual Amendments

- F1** S. 227 heading substituted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 6(13)**
- F2** S. 227(1)(b)(ii) and preceding word omitted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 6(13)(a)**
- F3** Words in s. 227(2)(c) substituted (with effect in accordance with Sch. 20 para. 6(19) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 20 para. 6(13)(b)**
- F4** Words in Act substituted (18.4.2005) by [Commissioners for Revenue and Customs Act 2005 \(c. 11\)](#), s. 53(1), **Sch. 4 para. 83(1)**; S.I. 2005/1126, art. 2(2)(h)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 227.