



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 20

SUPPLEMENTARY PROVISIONS

Partnerships and successions

265 Successions: general

(1) This section applies if—

(a) a person (“the successor”) succeeds to a qualifying activity which until that time was carried on by another person (“the predecessor”), and

[^{F1}(b) if the qualifying activity is a trade or property business, the condition in subsection (1A) or (1B) (whichever is appropriate) is met.]

[^{F2}(1A) For income tax purposes, the condition is that no person carrying on the trade or property business immediately before the succession continues to carry it on after the succession.

(1B) For corporation tax purposes, the condition is that no company carrying on the trade or property business in partnership immediately before the succession continues to carry it on in partnership after the succession.]

(2) Relevant property is to be treated for the purposes of this Part as if—

(a) it had been sold to the successor when the succession takes place, and

(b) the net proceeds of the sale were the market value of the property.

(3) “Relevant property” means any property which—

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 265. (See end of Document for details)*

- (a) immediately before the succession, was owned by the predecessor and was either in use or provided and available for use for the purposes of the discontinued qualifying activity, and
 - (b) immediately after the succession, and without being sold, is either in use or provided and available for use for the purposes of the new qualifying activity.
- (4) No entitlement to [^{F3}an annual investment allowance or] a first-year allowance arises under this section.
- (5) In this section “qualifying activity”—
- (a) does not include an employment or office, but
 - (b) includes any other activity listed in section 15(1) even if any profits or gains from it are not chargeable to tax.

Textual Amendments

- F1** S. 265(1)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 496\(2\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F2** S. 265(1A)(1B) substituted for s. 265(1A) (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\), s. 1329\(1\), Sch. 1 para. 496\(3\)](#) (with [Sch. 2 Pts. 1, 2](#))
- F3** Words in s. 265(4) inserted (with effect in accordance with [Sch. 24 para. 23](#) of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 24 para. 14](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 265.