



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3

INDUSTRIAL BUILDINGS ALLOWANCES

CHAPTER 4

QUALIFYING EXPENDITURE

Part of expenditure within time limit for qualifying enterprise zone expenditure

[^{F1}303 Purchase of building within 2 years of first use

- (1) This section applies if—
 - (a) expenditure is incurred on the construction of an EZ building,
 - (b) only a part of the expenditure is incurred within the time limit,
 - (c) the relevant interest in the building is sold—
 - (i) after the building has been used, but
 - (ii) within the period of 2 years beginning with the date on which the building was first used, and
 - (d) that sale (“the relevant sale”) is the first sale in that period after the building has been used.
- (2) If this section applies—
 - (a) any balancing adjustment which falls to be made on the occasion of the relevant sale is to be made, and
 - (b) the residue of qualifying expenditure immediately after the relevant sale is to be disregarded for the purposes of this Part.
- (3) If a capital sum is paid by the purchaser for the relevant interest on the relevant sale—
 - (a) the purchaser is to be treated as having incurred qualifying expenditure—
 - (i) part of which is qualifying enterprise zone expenditure (“Z”), and

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 303. (See end of Document for details)

- (ii) part of which is not (“N”), and
- (b) in relation to that qualifying expenditure, this Part applies as if the building had not been used before the date of the relevant sale.
- (4) Unless section 304 (cases where developer involved) applies—

$$Z = L \times \frac{E}{T}$$

and

$$N = L - Z$$

L is the lesser of—

- (a) the capital sum paid for the relevant interest on the relevant sale, and
- (b) the expenditure incurred on the construction of the building,

E is the part of the expenditure on the construction of the EZ building that is incurred within the time limit, and

T is the total expenditure on the construction of the building.

- (5) Any qualifying expenditure arising under this section or section 304 is to be treated as incurred when the capital sum on the relevant sale became payable.]

Textual Amendments

- F1** Pt. 3 omitted (with effect in relation to chargeable periods beginning on or after 1.4.2011 for corporation tax purposes and 6.4.2011 for income tax purposes in accordance with ss. 84(1)(3)(4), 85, 86 of the amending Act) by virtue of [Finance Act 2008 \(c. 9\), s. 84\(2\)](#) (with [Sch. 27](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 303.