



Capital Allowances Act 2001

2001 CHAPTER 2

[^{F1}PART 3A

BUSINESS PREMISES RENOVATION ALLOWANCES

CHAPTER 2

QUALIFYING EXPENDITURE

[^{F1}360B Meaning of “qualifying expenditure”

[^{F2}(1) In this Part “qualifying expenditure” means capital expenditure incurred before the expiry date—

- (a) in respect of which Conditions A and B are met, and
- (b) which is not excluded by subsection (3), (3B) or (3D).]

(2) In subsection (1) “the expiry date” means—

- (a) the fifth anniversary of the day appointed under section 92 of [^{F3}FA] 2005, or
- (b) such later date as the Treasury may prescribe by regulations.

[Condition A is that the expenditure is incurred on—

- ^{F4}(2A)
- (a) the conversion of a qualifying building into qualifying business premises,
 - (b) the renovation of a qualifying building if it is or will be qualifying business premises, or
 - (c) repairs to a qualifying building or, where the building is part of a building, to the building of which the qualifying building forms part, to the extent that the repairs are incidental to expenditure within paragraph (a) or (b).

(2B) Condition B is that the expenditure is incurred on—

- (a) building works,
- (b) architectural or design services,
- (c) surveying or engineering services,

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- (d) planning applications, or
 - (e) statutory fees or statutory permissions.
- (2C) But Condition B is treated as met in respect of expenditure incurred on matters not mentioned in that Condition to the extent that that expenditure (in total) does not exceed 5% of the qualifying expenditure incurred on the matters mentioned in subsection (2B)(a) to (c).]
- (3) Expenditure is [^{F5}excluded] if it is incurred on or in connection with—
- (a) the acquisition of land or rights in or over land,
 - (b) the extension of a qualifying building (except to the extent required for the purpose of providing a means of getting to or from qualifying business premises),
 - (c) the development of land adjoining or adjacent to a qualifying building, or
 - (d) the provision of plant and machinery, other than plant or machinery which is or becomes a fixture [^{F6}(as defined by section 173(1)) and falls within subsection (3A)].
- [The fixtures which fall within this subsection are—
- ^{F7}(3A) (a) integral features within the meaning of section 33A (taking account of section 33A(6) and any provision for the time being made under section 33A(7)) or part of such a feature;
- (b) automatic control systems for opening and closing doors, windows and vents;
 - (c) window cleaning installations;
 - (d) fitted cupboards and blinds;
 - (e) protective installations such as lightning protection, sprinkler and other equipment for containing or fighting fires, fire alarm systems and fire escapes;
 - (f) building management systems;
 - (g) cabling in connection with telephone, audio-visual data installations and computer networking facilities, which are incidental to the occupation of the building;
 - (h) sanitary appliances, and bathroom fittings which are hand driers, counters, partitions, mirrors or shower facilities;
 - (i) kitchen and catering facilities for producing and storing food and drink for the occupants of the building;
 - (j) signs;
 - (k) public address systems;
 - (l) intruder alarm systems.
- (3B) Expenditure is excluded if, and to the extent that, it exceeds the market value amount for the works, services or other matters to which it relates.
- (3C) “The market value amount” means the amount of expenditure which it would have been normal and reasonable to incur on the works, services or other matters—
- (a) in the market conditions prevailing when the expenditure was incurred, and
 - (b) assuming the transaction as a result of which the expenditure was incurred was between persons dealing with each other at arm's length in the open market.
- (3D) Expenditure is excluded if the qualifying building was used at any time during the period of 12 months ending with the day on which the expenditure is incurred.]

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- (4) For the purposes of this section, expenditure incurred on repairs to a building is to be treated as capital expenditure if it is not expenditure that would be allowed to be deducted in calculating the profits of a property business, or of a trade, profession or vocation, for tax purposes.
- (5) The Treasury may by regulations [^{F8}—
- (a) amend this section so as to add a description of fixture to the list in subsection (3A), or vary or remove a description of fixture in that list;
 - (b)] make further provision as to expenditure which is, or is not, qualifying expenditure.]

Textual Amendments

- F1** Pt. 3A inserted (11.4.2007 with effect in accordance with s. 92 of the amending Act) by [Finance Act 2005 \(c. 7\), Sch. 6 para. 1; S.I. 2007/949, art. 2](#)
- F2** S. 360B(1) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(2\)](#)
- F3** Word in s. 360B(2)(a) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), s. 126\(5\)\(a\)](#)
- F4** Ss. 360B(2A)-(2C) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(3\)](#)
- F5** Word in s. 360B(3) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(4\)\(a\)](#)
- F6** Words in s. 360B(3)(d) substituted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(4\)\(b\)](#)
- F7** Ss. 360B(3A)-(3D) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(5\)](#)
- F8** Words in s. 360B(5) inserted (with effect in accordance with s. 66(10) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 66\(6\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 360B.