



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

[^{F1}CHAPTER 3A

AIA QUALIFYING EXPENDITURE

[^{F1}38B General exclusions applying to section 38A

Expenditure within any of the following general exclusions is not AIA qualifying expenditure.

General exclusion 1

The expenditure is incurred in the chargeable period in which the qualifying activity is permanently discontinued.

General exclusion 2

The expenditure is incurred on the provision of a car (as defined by section [^{F2}268A]).

General exclusion 3

The expenditure is incurred wholly for the purposes of a ring fence trade in respect of which tax is chargeable under [^{F3}section 330(1) of CTA 2010] (supplementary charge in respect of ring fence trades).

General exclusion 4

The circumstances of the incurring of the expenditure are that—

- (a) the provision of the plant or machinery on which the expenditure is incurred is connected with a change in the nature or conduct of the trade or business carried on by a person other than the person incurring the expenditure, and

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 38B. (See end of Document for details)*

- (b) the obtaining of an annual investment allowance is the main benefit, or one of the main benefits, which could reasonably be expected to arise from the making of the change.

General exclusion 5

Any of the following sections applies—

section 13 (use for qualifying activity of plant or machinery provided for other purposes);

section 13A (use for other purposes of plant or machinery provided for long funding leasing);

section 14 (use for qualifying activity of plant or machinery which is a gift).

This is subject to section 161 (pre-trading expenditure on mineral exploration and access).]

Textual Amendments

- F1** Pt. 2 Ch. 3A inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 24 para. 2**
- F2** Word in s. 38B substituted (with effect in accordance with Sch. 11 paras. 26, 27, 28(1) to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 11 para. 2** (with [Sch. 11 paras. 30-32](#))
- F3** Words in s. 38B substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 324** (with [Sch. 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 38B.