



Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 6

ALLOWANCES AND CHARGES

[^{F1}First-year allowances

^{F1}[^{F2}416E] **Artificially inflated claims for first-year allowances**

- (1) To the extent that a transaction is attributable to arrangements entered into wholly or mainly for a disqualifying purpose, it shall be disregarded in determining for a chargeable period the amount of any first-year allowance to which a person is entitled.
- (2) For the purposes of this section, arrangements are entered into wholly or mainly for a “disqualifying purpose” if their main object, or one of their main objects, is to enable a person to obtain—
 - (a) a first-year allowance to which he would not otherwise be entitled, or
 - (b) a first-year allowance of a greater amount than that to which he would otherwise be entitled.
- (3) In this section “arrangements” includes any scheme, agreement or understanding, whether or not legally enforceable.]]

Textual Amendments

- F1** S. 416D and preceding crossheading inserted (with effect as mentioned in s. 63(3) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 63, Sch. 21 para. 10](#)

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 416E. (See end of Document for details)*

F2 S. 416E inserted (with effect as mentioned in s. 63(3) of the amending Act) by [Finance Act 2002](#) (c. 23), s. 63, [Sch. 21 para. 11](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 416E.