



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 7

#### KNOW-HOW ALLOWANCES

### CHAPTER 2

#### QUALIFYING EXPENDITURE

#### **455 Excluded expenditure**

- (1) Expenditure on the acquisition of know-how is not qualifying expenditure to the extent that it is otherwise deducted for tax purposes.
- (2) Expenditure on the acquisition of know-how is not qualifying expenditure if—
  - (a) the buyer is a body of persons over whom the seller has control,
  - (b) the seller is a body of persons over whom the buyer has control, or
  - (c) the buyer and the seller are both bodies of persons and another person has control over both of them.
- (3) In subsection (2) “body of persons” includes a partnership.
- (4) Expenditure on the acquisition of know-how is not qualifying expenditure if it is treated as a payment for goodwill under [<sup>F1</sup>section 194(3) of ITTOIA 2005 or under][<sup>F2</sup>section 178(3) of CTA 2009] (consideration for know-how on disposal of trade to be treated as payment for goodwill, unless parties otherwise elect etc.).

#### **Textual Amendments**

- F1** Words in s. 455(4) inserted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), [Sch. 1 para. 563](#) (with [Sch. 2](#))
- F2** Words in s. 455(4) 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. 510](#) (with [Sch. 2 Pts. 1, 2](#))

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 455.