



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 4

FIRST-YEAR QUALIFYING EXPENDITURE

Types of expenditure which may qualify for first-year allowances

[^{F1}45O Expenditure on plant and machinery for use in [^{F2}special tax sites]

- (1) Expenditure incurred by a company on the provision of plant or machinery is first-year qualifying expenditure if conditions A to E are met.
- (2) Condition A is that the plant or machinery is for use primarily in an area which, at the time the expenditure is incurred, is a [^{F2}special tax site].
- (3) Condition B is that the plant or machinery is unused and is not second-hand.
- (4) Condition C is that the expenditure is incurred for the purposes of a qualifying activity within section 15(1)(a) or (f).
- (5) Condition D is that the expenditure is incurred on or before [^{F3}the applicable sunset date in relation to the special tax site concerned (as to which see [section 332\(4\)](#) and (5) of F(No.2)A 2023)].
- (6) Condition E is that the company is within the charge to corporation tax.
- (7) This section is subject to—
regulations under section 45P,
section 45Q (exclusion of plant or machinery partly for use outside [^{F2}special tax sites]),

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 45O. (See end of Document for details)

[^{F4}section 45R (effect of failing to comply with ongoing requirements) and regulations under that section, and]
section 46 (general exclusions).]

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Textual Amendments

- F1** Ss. 45O-45R inserted (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), **Sch. 22 para. 3**
- F2** Words in [ss. 45O-45R](#) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **Sch. 23 para. 11(b)**
- F3** Words in [s. 45O\(5\)](#) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **s. 332(2)(4)**
- F4** Words in [s. 45O\(7\)](#) substituted (24.2.2022) by [Finance Act 2022 \(c. 3\)](#), **Sch. 16 para. 2**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 450.