



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 7

#### KNOW-HOW ALLOWANCES

### CHAPTER 3

#### ALLOWANCES AND CHARGES

#### **[<sup>F1</sup>462A Persons leaving cash basis**

- (1) This section applies if—
  - (a) a person carrying on a trade leaves the cash basis in a chargeable period,
  - (b) the person has incurred expenditure at a time when an election under section 25A of ITTOIA 2005 (cash basis for trades) has effect in relation to the trade,
  - (c) some or all of the expenditure was brought into account in calculating the profits of the trade on the cash basis, and
  - (d) the expenditure would have been qualifying expenditure if an election under section 25A of that Act had not had effect at the time the expenditure was incurred.
- (2) In this section the “relieved portion” of the expenditure is the higher of the following—
  - (a) the amount of that expenditure for which a deduction was allowed in calculating the profits of the trade, or
  - (b) the amount of that expenditure for which a deduction would have been so allowed if the expenditure had been incurred wholly and exclusively for the purposes of the trade.
- (3) For the purposes of determining the person's available qualifying expenditure in the pool for the trade for the chargeable period (see section 456)—
  - (a) the whole of the expenditure must be allocated to the pool for the trade in that chargeable period, and

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**Changes to legislation:** There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 462A. (See end of Document for details)

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- (b) the available qualifying expenditure in that pool is reduced by the relieved portion of that expenditure.
- (4) For the purposes of determining any disposal values (see section 462), the expenditure incurred by the person is to be regarded as qualifying expenditure.
- (5) For the purposes of this section a person carrying on a trade leaves the cash basis in a chargeable period if—
  - (a) immediately before the beginning of the chargeable period an election under section 25A of ITTOIA 2005 had effect in relation to the trade, and
  - (b) such an election does not have effect in relation to the trade for the chargeable period.]

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**Textual Amendments**

- F1** S. 462A inserted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 2 para. 57](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 462A.