



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 5

ALLOWANCES AND CHARGES

[^{F1}Annual investment allowance

[^{F1}51A Entitlement to annual investment allowance

- (1) A person is entitled to an allowance (an “annual investment allowance”) in respect of AIA qualifying expenditure if—
 - (a) the expenditure is incurred in a chargeable period to which this Act applies, and
 - (b) the person owns the plant and machinery at some time during that chargeable period.
- (2) Any annual investment allowance is made for the chargeable period in which the AIA qualifying expenditure is incurred.
- (3) If the AIA qualifying expenditure incurred in a chargeable period is less than or equal to the maximum allowance, the person is entitled to an annual investment allowance in respect of all the AIA qualifying expenditure.
- (4) If the AIA qualifying expenditure incurred in a chargeable period is more than the maximum allowance, the person is entitled to an annual investment allowance in respect of so much of the AIA qualifying expenditure as does not exceed the maximum allowance.
- (5) The maximum allowance is [^{F2}£1,000,000].

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 51A. (See end of Document for details)

- (6) But if the chargeable period is more or less than a year, the maximum allowance is proportionately increased or reduced.
- (7) A person may claim an annual investment allowance in respect of all the AIA qualifying expenditure in respect of which the person is entitled to an allowance, or in respect of only some of it.
- (8) The Treasury may by order substitute for the amount for the time being specified in subsection (5) such [^{F3}greater] amount as it thinks fit.
- (9) An order under subsection (8) may make such incidental, supplemental, consequential and transitional provision as the Treasury thinks fit.
- (10) This section is subject to—
- (a) sections 51B to 51N (restrictions on entitlement to annual investment allowance),
 [^{F4}section 70DA(2) (transfer and long funding leaseback: no annual investment allowance for lessee),]
 - (b) section 205 (reduction of allowance if plant or machinery provided partly for purposes other than those of qualifying activity),
 - (c) section 210 (reduction of allowance if it appears that a partial depreciation subsidy is or will be payable), and
 - (d) sections 217, 218A [^{F5}, 229A(2)] and 241 (anti-avoidance: no allowance in certain cases),
- and needs to be read with section 236 (additional VAT liabilities).]

Textual Amendments

- F1** Ss. 51A-51N and cross-heading inserted (with effect in accordance with Sch. 24 para. 23 to the amending Act) by [Finance Act 2008 \(c. 9\)](#), **Sch. 24 para. 3**
- F2** Sum in s. 51A(5) substituted (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **s. 8(2)(a)**
- F3** Word in s. 51A(8) substituted (with effect in accordance with s. 11(5)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\)](#), **s. 11(3)**
- F4** Words in s. 51A(10) inserted (as an unnumbered paragraph) (with effect in accordance with Sch. 32 para. 17 to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 32 para. 12**
- F5** Word in s. 51A(10) inserted (with effect in accordance with Sch. 32 para. 22 to the amending Act) by [Finance Act 2009 \(c. 10\)](#), **Sch. 32 para. 18**

Modifications etc. (not altering text)

- C1** [Pt. 2](#) modified (11.7.2023) by [Finance \(No. 2\) Act 2023 \(c. 30\)](#), **s. 7**
- C2** S. 51A(5) modified (temp.) (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), s. 7, **Sch. 1**
- C3** S. 51A(5) modified (temp.) (17.7.2014) by [Finance Act 2014 \(c. 26\)](#), **s. 10**, **Sch. 2**
- C4** S. 51A(5) modified (temp.) (12.2.2019) by [Finance Act 2019 \(c. 1\)](#), s. 32, **Sch. 13** (as amended by [Finance Act 2021 \(c. 26\)](#), **s. 15(1)**)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 51A.