



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 5

ALLOWANCES AND CHARGES

Writing-down and balancing allowances and balancing charges

56 Amount of allowances and charges

(1) The amount of the writing-down allowance to which a person is entitled for a chargeable period is [^{F1}18%] of the amount by which AQE exceeds TDR.

[^{F2}(1A) But in relation to qualifying expenditure incurred wholly for the purposes of a ring fence trade in respect of which tax is chargeable under [^{F3}section 330(1) of CTA 2010] (supplementary charge in respect of ring fence trades), the amount of the writing-down allowance to which a person is entitled for a chargeable period is 25% of the amount by which AQE exceeds TDR.]

(2) [^{F4}Subsections (1) and (1A) are] subject to—

[^{F5}(za) section 56A (small main pools and special rate pools),]

[^{F6}(a) section 104D (special rate expenditure: [^{F7}[^{F8}6%] or] 10%), and]

(b) section 109 (overseas leasing: 10%).

(3) If the chargeable period is more or less than a year, the amount is proportionately increased or reduced.

(4) If the qualifying activity has been carried on for part only of the chargeable period, the amount is proportionately reduced.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 56. (See end of Document for details)

- (5) A person claiming a writing-down allowance may require the allowance to be reduced to a specified amount.
- (6) The amount of the balancing charge to which a person is liable for a chargeable period is the amount by which TDR exceeds AQE.
- (7) The amount of the balancing allowance to which a person is entitled for the final chargeable period is the amount by which AQE exceeds TDR.

Textual Amendments

- F1** Word in s. 56(1) substituted (with effect in accordance with s. 10(8)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\), s. 10\(2\)](#)
- F2** S. 56(1A) inserted (with effect in accordance with s. 80(8)-(12) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 80\(3\)](#)
- F3** Words in s. 56(1A) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 326](#) (with [Sch. 2](#))
- F4** Words in s. 56(2) substituted (with effect in accordance with s. 80(8) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 80\(4\)](#)
- F5** S. 56(2)(za) inserted (with effect in accordance with s. 81(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 81\(2\)](#)
- F6** S. 56(2)(a) substituted (with effect in accordance with Sch. 26 para. 14 of the amending Act) by [Finance Act 2008 \(c. 9\), Sch. 26 para. 4](#)
- F7** Words in s. 56(2)(a) inserted (with effect in accordance with s. 10(8)-(13) of the amending Act) by [Finance Act 2011 \(c. 11\), s. 10\(4\)\(b\)](#)
- F8** Word in s. 56(2)(a) substituted (with effect in accordance with s. 31(4)(8) of the amending Act) by [Finance Act 2019 \(c. 1\), s. 31\(3\)\(a\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 56.