



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

### CHAPTER 5

#### ALLOWANCES AND CHARGES

#### *Available qualifying expenditure*

#### **58 Initial allocation of qualifying expenditure to pools**

- (1) The following rules apply to the allocation of a person's qualifying expenditure to the appropriate pool.
  - (2) An amount of qualifying expenditure is not to be allocated to a pool for a chargeable period if that amount has been taken into account in determining the person's available qualifying expenditure for an earlier chargeable period.
  - (3) Qualifying expenditure is not to be allocated to a pool for a chargeable period before that in which the expenditure is incurred.
  - (4) Qualifying expenditure is not to be allocated to a pool for a chargeable period unless the person owns the plant or machinery at some time in that period.
- [<sup>F1</sup>(4A) If an annual investment allowance is made to a person for a chargeable period—
- (a) the AIA qualifying expenditure in respect of which the allowance is made must be allocated to the appropriate pool (or pools) in that chargeable period, and
  - (b) the available qualifying expenditure in a pool to which the expenditure (or some of it) is allocated is reduced by the amount of that expenditure.]

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*Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 58. (See end of Document for details)*

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- (5) If a first-year allowance is made in respect of an amount of first-year qualifying expenditure—
- (a) subject to subsection (6), none of that amount is to be allocated to a pool for the chargeable period in which the expenditure is incurred, and
  - (b) the amount that may be allocated to a pool for any chargeable period is limited to the balance left after deducting the first-year allowance.
- (6) If—
- (a) a first-year allowance is made in respect of an amount of first-year qualifying expenditure,
  - (b) a disposal event occurs in respect of the plant or machinery in any chargeable period, and
  - (c) none of the balance left after deducting the first-year allowance has been allocated to a pool for an earlier chargeable period,
- the balance (or some of it) must be allocated to a pool for the chargeable period in which the disposal event occurs.
- (7) Subsection (6) applies even if the balance is nil (because of a 100% first-year allowance).
- (8) “The appropriate pool” means whichever pool is applicable under the provisions of this Part apart from this section.

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**Textual Amendments**

- F1** S. 58(4A) inserted (with effect in accordance with Sch. 24 para. 23 of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 24 para. 5](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 58.