



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 6

HIRE-PURCHASE ETC. AND PLANT OR MACHINERY PROVIDED BY LESSEE

Hire-purchase and similar contracts

67 Plant or machinery treated as owned by person entitled to benefit of contract, etc.

(1) This section applies if—

- (a) a person carrying on a qualifying activity [^{F1}or corresponding overseas activity] incurs capital expenditure on the provision of plant or machinery for the purposes of the qualifying activity [^{F1}or corresponding overseas activity], and
- (b) the expenditure is incurred under a contract providing that the person shall or may become the owner of the plant or machinery on the performance of the contract.

(2) The plant or machinery is to be treated for the purposes of this Part as owned by the person (and not by any other person) at any time when he is entitled to the benefit of the contract so far as it relates to the plant or machinery.

[^{F2}This subsection has effect subject to, and in accordance with, subsections (2A) to (2C).]

[^{F3}(2A) If the contract is one which, in accordance with generally accepted accounting practice, falls (or would fall) to be treated as a lease, subsection (2B) applies.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 67. (See end of Document for details)

- (2B) Where that is the case, the plant or machinery is to be treated under subsection (2) as owned by the person at any time only if the contract [^{F4}—
- (a) falls (or would fall) to be treated by that person in accordance with generally accepted accounting practice as a finance lease, or
 - (b) if that person is a lessee under a right-of-use lease, would fall to be treated in that person's accounts as a finance lease were that person required under generally accepted accounting practice to determine whether the lease falls to be so treated.]

- (2C) Where at any time the plant or machinery—
- (a) is not treated under subsection (2) as owned by the person, but
 - (b) would be treated under that subsection as owned by the person, but for subsection (2B),

the plant or machinery is nevertheless to be treated under subsection (2) as not owned by any other person at that time.]

- (3) At the time when the plant or machinery is brought into use for the purposes of the qualifying activity [^{F1}or corresponding overseas activity], the person is to be treated for the purposes of this Part as having incurred all capital expenditure in respect of the plant or machinery to be incurred by him under the contract after that time.

- (4) If a person—
- (a) is treated under subsection (2) as owning plant or machinery,
 - (b) ceases to be entitled to the benefit of the contract in question so far as it relates to that plant or machinery, and
 - (c) does not then in fact become the owner of the plant or machinery,
- the person is to be treated as ceasing to own the plant or machinery at the time when he ceases to be entitled to the benefit of the contract.

- [^{F5}(6) If—
- (a) a person enters into two or more agreements, and
 - (b) those agreements are such that, if they together constituted a single contract, the condition in subsection (1)(b) would be met in relation to that person and that contract,

the agreements are to be treated for the purposes of this section as parts of a single contract.

In this subsection, any reference to an agreement includes a reference to an undertaking, whether or not legally enforceable.]

- [^{F6}(7)] This section is subject to section 69 (hire-purchase and fixtures) and subsection (3) is subject to section 229 (anti-avoidance).

- [^{F7}(8) In this section “corresponding overseas activity” means an activity that would be a qualifying activity if the person carrying it on were resident in the United Kingdom.]

Textual Amendments

- F1** Words in s. 67 inserted (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(2\)](#)
- F2** Words in s. 67(2) inserted (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(3\)](#)

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- F3** S. 67(2A)-(2C) inserted (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(4\)](#)
- F4** Words in s. 67(2B) substituted (with effect in accordance with Sch. 14 para. 6(1) of the amending Act) by [Finance Act 2019 \(c. 1\)](#), [Sch. 14 para. 1\(2\)](#)
- F5** S. 67(6) inserted (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(6\)](#)
- F6** S. 67(7) renumbered (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(5\)](#)
- F7** S. 67(8) inserted (with effect in accordance with Sch. 9 para. 12(8) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 9 para. 12\(7\)](#)

Modifications etc. (not altering text)

- C1** Pt. 2 modified (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 9\(1\)\(a\)](#)
- C2** [S. 67](#) applied (with modifications) (10.6.2021) by [Finance Act 2021 \(c. 26\)](#), [s. 9\(8\)](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 67.