



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

### CHAPTER 7

#### COMPUTER SOFTWARE

#### **72 Disposal values**

- (1) This section applies if a person—
  - (a) has incurred qualifying expenditure on the provision of plant consisting of computer software or the right to use or otherwise deal with computer software, and
  - (b) grants to another a right to use or otherwise deal with the whole or part of the computer software in circumstances in which the consideration for the grant—
    - (i) consists of a capital sum, or
    - (ii) would consist of a capital sum if the consideration were in money.
- (2) The person is required to bring a disposal value into account unless—
  - (a) while the person owned the computer software or the right to use or otherwise deal with the computer software, and
  - (b) before the grant of the right referred to in subsection (1)(b), there has been a disposal event falling within section 61(1)(e) (use for purposes other than those of the qualifying activity) or 61(1)(f) (permanent discontinuance of the qualifying activity).
- (3) The disposal value to be brought into account under this section depends on the circumstances of the grant of the right, as shown in the Table—

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*Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 72. (See end of Document for details)*

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Table

Disposal values: grant of software right

<b>1. Circumstances of grant</b>	<b>2. Disposal value</b>
1. The grant is for a consideration not consisting entirely of money.	The market value of the right granted at the time of the grant.
2. The grant is made where— (a) it is for no consideration or at less than market value, (b) there is no charge to tax under [F1ITEPA 2003], and (c) the condition in subsection (5) is met by the grantee.	The market value of the right granted at the time of the grant.
3. The grant is made in circumstances other than those given in item 1 or 2.	The net consideration in money received in respect of the grant, together with— (a) any insurance money received in respect of the computer software as a result of an event affecting the consideration obtainable on the grant, and (b) any other compensation of any description so received, so far as it consists of capital sums.

- (4) The amounts referred to in column 2 of the Table are those received by the person required to bring the disposal value into account.
- (5) The condition referred to in item 2 of the Table is met by the grantee if—
- (a) the grantee's expenditure on the acquisition of the plant cannot be qualifying expenditure under this Part or Part 6 (research and development allowances), or
  - (b) the grantee is a dual resident investing company which is connected with the grantor.

#### Textual Amendments

- F1** Words in s. 72(3) substituted (with effect in accordance with s. 723(1)(a)(b) of the amending Act) by [Income Tax \(Earnings and Pensions\) Act 2003 \(c. 1\)](#), s. 723, [Sch. 6 para. 251](#) (with [Sch. 7](#))

#### Modifications etc. (not altering text)

- C1** S. 72(3)-(5) excluded (E.W.S.) (8.6.2005) by [Railways Act 2005 \(c. 14\)](#), s. 60(2), [Sch. 10 para. 14\(2\)\(a\)](#); [S.I. 2005/1444](#), art. 2(1), [Sch. 1](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 72.