

## SCHEDULES

### SCHEDULE 27

Section 84

#### ABOLITION OF ALLOWANCES: CONSEQUENTIAL AMENDMENTS AND SAVINGS

#### PART 1

#### CONSEQUENTIAL AMENDMENTS

##### *CAA 2001*

- 1 CAA 2001 is amended as follows.
- 2 In section 1 (capital allowances), omit—
  - (a) subsection (2)(b) and (c) (entitlement to industrial and agricultural buildings allowances), and
  - (b) in subsection (3) “, industrial buildings or agricultural buildings,”.
- 3 In section 2(3) (general means of giving effect to capital allowances), omit—
  - (a) “sections 352 to 355 (industrial buildings allowances);”, and
  - (b) “sections 391 and 392 (agricultural buildings allowances);”.
- 4 In section 3 (claims for capital allowances), omit subsections (4)(b) and (5)(b).
- 5 (1) Section 186 (fixture on which an industrial buildings allowance has been made) is amended as follows.
  - (2) In subsection (1)(a) and (b), for “is” substitute “was”.
  - (3) In subsection (3)—
    - (a) at the beginning insert “If the total consideration for the transfer by the past owner exceeds R,”, and
    - (b) in the definition of “R”—
      - (i) after “expenditure” insert “which would have been”, and
      - (ii) at the end insert “, had the time immediately after the transfer fallen immediately before the repeal of Part 3 by section 84 of the Finance Act 2008.”
  - (4) After that subsection insert—

“(3A) Where subsection (3) does not apply, the maximum allowable amount is the part of the consideration for the transfer by the past owner that is attributable to the fixture.”
  - (5) In subsection (5), for “in Part 3” substitute “for the purposes of Part 3 immediately before its repeal by section 84 of the Finance Act 2008.”
- 6 In section 443(3) (disposal values and disposal events), omit “or 3” and “and industrial building allowances”.

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*Status: This is the original version (as it was originally enacted).*

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- 7 In section 448(3) (additional VAT rebate generates disposal value), omit “or 3” and “and industrial buildings allowances”.
- 8 In section 537 (contribution allowances), omit “, 3, 4” in—
- (a) subsection (1),
  - (b) subsection (2)(b)(ii), and
  - (c) the heading.
- 9 Omit section 539 (contribution allowances: industrial buildings).
- 10 Omit section 540 (contribution allowances: agricultural buildings).
- 11 In section 542(1) (effect of transfers of trade on contribution allowances), for “Parts 3, 4 and 5” substitute “Part 5”.
- 12 In section 546 (introduction to Chapter 2 of Part 12), omit paragraph (b).
- 13 In section 564 (application of procedure in section 563)—
- (a) in subsection (1), for “3” substitute “3A”, and
  - (b) omit subsection (3).
- 14 In section 567(1) (sales treated as for alternative amounts), omit “3,” and “4,”.
- 15 In section 569 (election to treat sale as being for an alternative amount), omit—
- (a) in subsections (3)(a) and (5)(a), “3 or”, and
  - (b) in subsection (5), “319 (building not an industrial building, etc throughout or”.
- 16 In section 570 (elections: supplementary), omit—
- (a) in subsection (1), “, 4”, and
  - (b) in subsection (3), “3,”.
- 17 In section 570A(1) (avoidance affecting proceeds of balancing event), omit “3,” and “4,”.
- 18 In section 573(1) (transfers treated as sales), omit “3,” and “4,”.
- 19 (1) Part 2 of Schedule 1 (index of defined expressions) is amended as follows.
- (2) Omit the entries relating to the following defined expressions—
- “adjusted net cost (in Chapter 7 of Part 3)”,
  - “agricultural building”,
  - “balancing adjustment (in Part 3)”,
  - “balancing adjustment (in Part 4)”,
  - “balancing event (in Part 3)”,
  - “balancing event (in Part 4)”,
  - “building (in Part 3\_ includes structure)”,
  - “commercial building (in Part 3, in relation to qualifying enterprise zone expenditure)”,
  - “developer, carrying on a trade as (in Chapter 4 of Part 3)”,
  - “enterprise zone (in Part 3)”,
  - “expenditure on the construction of a building (in Part 3)”,
  - “expenditure on the construction of a building (in Part 4)”,
  - “highway concession (in Chapter 9 of Part 3)”,
  - “husbandry (in Part 4)”,

“industrial building”,  
 “lease and related expressions (in Part 3)”,  
 “lease and related expressions (in Part 4)”,  
 “proceeds from a balancing event (in Part 3)”,  
 “proceeds from a balancing event (in Part 4)”,  
 “qualifying enterprise zone expenditure (in Part 3)”,  
 “qualifying hotel (in Part 3)”,  
 “qualifying trade (in Part 3)”,  
 “related agricultural land (in Part 4)”,  
 “relevant interest (in Part 3)”,  
 “relevant interest (in Part 4)”,  
 “residue of qualifying expenditure (in Part 3)”,  
 “residue of qualifying expenditure (in Part 4)”, and  
 “writing-down period (in Part 4)”.

(3) In the entry relating to “sale, transfers under Parts 3, 3A, 4, 4A and 10 treated as”, omit “3,” and “4,”.

- 20 In Schedule 3 (transitional provision and savings), omit—
- (a) paragraphs 56 to 83, and
  - (b) paragraph 110.

#### *ICTA*

- 21 In section 495 of ICTA (regional development grants), omit—
- (a) in subsection (1)(b), “, 3” and “, industrial buildings”, and
  - (b) in subsection (3)(b), “, 3”.

#### *FA 2000*

- 22 In Schedule 22 (tonnage tax), omit paragraphs 84 and 86.

#### *FA 2001*

- 23 (1) FA 2001 is amended as follows.
- (2) In Schedule 19 (insertion of Part 4A of CAA 2001: consequential amendments), omit paragraph 4.
  - (3) In Schedule 21 (capital allowances: minor amendments), omit paragraphs 5 and 6.

#### *Proceeds of Crime Act 2002 (c. 29)*

- 24 In Schedule 10 to the Proceeds of Crime Act 2002 (tax consequences of transfers under Part 5 of that Act), omit paragraphs 18 to 21.

#### *Energy Act 2004 (c. 20)*

- 25 In Schedule 4 to the Energy Act 2004 (tax exemption for NDA and NDA companies), omit paragraphs 5 and 6.

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*ITTOIA 2005*

- 26 In Schedule 1 to ITTOIA 2005 (consequential amendments), omit paragraphs 552 to 558.

*ITA 2007*

- 27 (1) ITA 2007 is amended as follows.
- (2) In section 24(1)(b) (reliefs deductible at Step 2), omit the entry relating to Part 3 of CAA 2001.
- (3) In section 25(3) (reliefs deductible at Steps 2 and 3: supplementary), omit the entry relating to section 355 of that Act.
- (4) In Schedule 1 (minor and consequential amendments), omit paragraph 406.

*FA 2007*

- 28 In FA 2007, omit section 36 (industrial and agricultural buildings allowances: balancing adjustments).

*FA 2008*

- 29 In FA 2008, omit—
- (a) section 85 (phasing out of allowances before abolition),
  - (b) section 86 (qualifying enterprise zone expenditure: transitional provision), and
  - (c) section 87 (which inserts section 313A of CAA 2001).

*Commencement*

- 30 (1) Subject to sub-paragraph (2), this Part of this Schedule has effect in relation to chargeable periods (within the meaning of CAA 2001) beginning on or after—
- (a) for corporation tax purposes, 1 April 2011, and
  - (b) for income tax purposes, 6 April 2011.
- (2) The amendments made by paragraph 5 have effect in relation to a transfer by the past owner (within the meaning of section 186 of CAA 2001) in such a chargeable period.

**PART 2**

SAVINGS

*Enterprise zone expenditure*

- 31 (1) Sub-paragraph (2) applies if—
- (a) an initial allowance or a writing down allowance has been made under Part 3 of CAA 2001 in respect of qualifying enterprise zone expenditure, and
  - (b) an event occurs in relation to the building on which the expenditure was incurred which, if that Part of that Act remained in force, would be a balancing event in respect of which a balancing charge would be made.

- (2) Unless the event occurs more than 7 years after the building was first used, a balancing charge is to be made in respect of the event as if that Part of that Act remained in force.
- 32 (1) Sub-paragraph (2) applies if—
- (a) an initial allowance has been made under Part 3 of CAA 2001 in respect of qualifying enterprise zone expenditure, and
  - (b) an event occurs in relation to the building on which the expenditure was incurred which, if section 307 of that Act (withdrawal of allowance if building not industrial building when first used etc) remained in force, would result in the allowance being withdrawn.
- (2) Unless the event occurs more than 7 years after the end of the chargeable period for which the allowance was made, the allowance is to be withdrawn as if that section remained in force.

#### *Definition of structure*

- 33 Despite the repeal of Part 3 of CAA 2001 by section 84, Chapter 2 of that Part continues to have effect for the purposes of paragraph (a) of item 7 in List B in section 22(1) of that Act (structures which are not plant and machinery).

#### *Definition of qualifying trade*

- 34 Despite the repeal of Part 3 of CAA 2001 by section 84, the following provisions continue to have effect for the purposes of section 484 of that Act (dredging allowances: definition of qualifying trade)—
- (a) section 274(1) (definition of qualifying trade), and
  - (b) sections 276(3) and 341(4) of that Act (parts of trades and undertakings; meaning of “highway concession”) so far as they relate to the Tables in that section.

#### *Commencement*

- 35 This Part of this Schedule has effect in relation to chargeable periods (within the meaning of CAA 2001) beginning on or after—
- (a) for corporation tax purposes, 1 April 2011, and
  - (b) for income tax purposes, 6 April 2011.