
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2012, Cross Heading: Restrictions on writing-down allowances. (See end of Document for details)

SCHEDULES

SCHEDULE 9

CAPITAL ALLOWANCES FOR PLANT AND MACHINERY: ANTI-AVOIDANCE

Restrictions on writing-down allowances

- 2 In section 57(3) of CAA 2001 (available qualifying expenditure), after
“section 218(1),” insert “ 218ZA(1) or (3), ”.
- 3 In section 214 of that Act (connected persons), after “218” insert “ (or, as the case
may be, 218ZA(3)) ”.
- 4 In section 216 of that Act (sale and leaseback, etc), in subsection (1), after “218”
insert “ (or, as the case may be, 218ZA(3)) ”.
- 5 (1) Section 218 of that Act (restriction on B's qualifying expenditure) is amended as
follows.
- (2) In subsection (1), for “section 214, 215 or 216” substitute “ section 214 or 216 ”.
- (3) At the end insert—
- “ (5) This section is subject to section 218ZA(3). ”
- (4) Accordingly, in the heading of that section, insert at the end “ : **section 214 or 216** ”.
- 6 After section 218 of that Act insert—

“218ZA Restrictions on writing-down allowances: section 215

- (1) If this subsection applies as a result of section 215, all or part of B's
expenditure under the relevant transaction is to be left out of account in
determining B's available qualifying expenditure.
- (2) The amount of expenditure to be left out of account is—
- (a) such amount as would or would in effect cancel out the tax advantage
mentioned in section 215 (whether that advantage is obtained by B
or another person and whether it relates to the relevant transaction
or something else), or
- (b) if the amount found under paragraph (a) exceeds the whole of
B's expenditure under the relevant transaction, the whole of that
expenditure.
- (3) But if subsection (1) applies as a result of section 215 and—
- (a) section 218 also applies as a result of section 214 or 216, or
- (b) section 228 also applies by virtue of an election under
section 70I(11) or 227,
- the amount of expenditure to be left out of account is the greater of X and Y.

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- (4) For the purposes of subsection (3)—
“X” is the amount found under subsection (2), and
“Y” is the amount by which B's expenditure under the relevant transaction exceeds D (as defined in section 218 or, as the case may be, section 228).
- (5) If this subsection applies as a result of section 215—
- (a) the allowance mentioned in subsection (7)(a) of that section is to be calculated using the rate that would be used without the tax advantage, or (as the case may be)
 - (b) the entitlement mentioned in subsection (7)(b) of that section is to be available as and when it would be available without the tax advantage.
- (6) Subsection (5) applies whether or not section 218 also applies as a result of section 214 or 216, or section 228 also applies by virtue of an election under section 70I(11) or 227.”

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