



Finance Act 2014

2014 CHAPTER 26

PART 1

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER 4

OTHER PROVISIONS

Capital allowances

64 Extension of capital allowances

- (1) Part 2 of CAA 2001 (plant and machinery allowances) is amended as follows.
- (2) In section 45D (expenditure on cars with low carbon dioxide emissions), after subsection (1) insert—

“(1A) The Treasury may by order amend subsection (1)(a) so as to extend the period specified.”
- (3) In section 45DA (expenditure on zero-emission goods vehicles), after subsection (1) insert—

“(1A) The Treasury may by order amend subsection (1)(a) so as to extend the period specified.”
- (4) In section 45E (expenditure on plant or machinery for gas refuelling station), after subsection (1) insert—

“(1A) The Treasury may by order amend subsection (1)(a) so as to extend the period specified.”
- (5) In section 45K (expenditure on plant and machinery for used in designated assisted areas)—

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- (a) in subsection (1), in paragraph (b) for “5 years” substitute “ 8 years ”, and
- (b) after that subsection insert—

“(1A) The Treasury may by order amend subsection (1)(b) so as to extend the period specified.”

65 General Block Exemption Regulation

Schedule 13 makes provision in relation to [Commission Regulation \(EU\) No 651/2014](#) (General block exemption Regulation).

66 Business premises renovation allowances

- (1) Section 360B of CAA 2001 (business premises renovation allowances: meaning of “qualifying expenditure”) is amended in accordance with subsections (2) to (6).

- (2) For subsection (1) substitute—

“(1) In this Part “qualifying expenditure” means capital expenditure incurred before the expiry date—

- (a) in respect of which Conditions A and B are met, and
- (b) which is not excluded by subsection (3), (3B) or (3D).”

- (3) After subsection (2) insert—

“(2A) Condition A is that the expenditure is incurred on—

- (a) the conversion of a qualifying building into qualifying business premises,
- (b) the renovation of a qualifying building if it is or will be qualifying business premises, or
- (c) repairs to a qualifying building or, where the building is part of a building, to the building of which the qualifying building forms part, to the extent that the repairs are incidental to expenditure within paragraph (a) or (b).

(2B) Condition B is that the expenditure is incurred on—

- (a) building works,
- (b) architectural or design services,
- (c) surveying or engineering services,
- (d) planning applications, or
- (e) statutory fees or statutory permissions.

(2C) But Condition B is treated as met in respect of expenditure incurred on matters not mentioned in that Condition to the extent that that expenditure (in total) does not exceed 5% of the qualifying expenditure incurred on the matters mentioned in subsection (2B)(a) to (c).”

- (4) In subsection (3)—

- (a) for “not qualifying expenditure” substitute “ excluded ”, and
- (b) in paragraph (d), for “as defined by section 173(1)” substitute “ (as defined by section 173(1)) and falls within subsection (3A) ”.

- (5) After that subsection insert—

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“(3A) The fixtures which fall within this subsection are—

- (a) integral features within the meaning of section 33A (taking account of section 33A(6) and any provision for the time being made under section 33A(7)) or part of such a feature;
- (b) automatic control systems for opening and closing doors, windows and vents;
- (c) window cleaning installations;
- (d) fitted cupboards and blinds;
- (e) protective installations such as lightning protection, sprinkler and other equipment for containing or fighting fires, fire alarm systems and fire escapes;
- (f) building management systems;
- (g) cabling in connection with telephone, audio-visual data installations and computer networking facilities, which are incidental to the occupation of the building;
- (h) sanitary appliances, and bathroom fittings which are hand driers, counters, partitions, mirrors or shower facilities;
- (i) kitchen and catering facilities for producing and storing food and drink for the occupants of the building;
- (j) signs;
- (k) public address systems;
- (l) intruder alarm systems.

(3B) Expenditure is excluded if, and to the extent that, it exceeds the market value amount for the works, services or other matters to which it relates.

(3C) “The market value amount” means the amount of expenditure which it would have been normal and reasonable to incur on the works, services or other matters—

- (a) in the market conditions prevailing when the expenditure was incurred, and
- (b) assuming the transaction as a result of which the expenditure was incurred was between persons dealing with each other at arm's length in the open market.

(3D) Expenditure is excluded if the qualifying building was used at any time during the period of 12 months ending with the day on which the expenditure is incurred.”

(6) In subsection (5), after “regulations” insert “—

- (a) amend this section so as to add a description of fixture to the list in subsection (3A), or vary or remove a description of fixture in that list;
- (b)”

(7) After that section insert—

“360BA Expenditure not treated as qualifying expenditure if delay in carrying out works etc

(1) This section applies where—

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- (a) (ignoring this section) qualifying expenditure is incurred on works, services or other matters in a chargeable period, and
 - (b) those works, services or other matters are not completed or provided before the end of the period of 36 months beginning with the date the expenditure was incurred.
- (2) To the extent that it relates to so much of those works, services or other matters as are not completed or provided before the end of that period, the expenditure is to be treated for the purposes of this Part as never having been incurred (unless and until subsection (6) applies).
- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (2).
- (4) If a person who has made a tax return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section, the person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.
- (5) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (6) If, at any time after the end of the period mentioned in subsection (1)(b), those works, services or other matters are completed or provided, the expenditure to which subsection (2) applies is to be treated for the purposes of this Part as incurred at that time.”
- (8) For section 360L of that Act (grants affecting entitlement to allowances) substitute—

“360L Grants affecting entitlement to allowances

- (1) No initial allowance or writing-down allowance under this Part is to be made in respect of qualifying expenditure in respect of a qualifying building if a relevant grant or relevant payment is made towards—
- (a) that expenditure, or
 - (b) any other expenditure which is incurred by any person in respect of the same building, and on the same single investment project as that expenditure.
- (2) An initial allowance or writing-down allowance made in respect of qualifying expenditure is to be withdrawn if—
- (a) after it is made, a relevant grant or relevant payment is made towards that expenditure, or
 - (b) within the period of 3 years beginning when that expenditure was incurred, a relevant grant or relevant payment is made towards any other expenditure which is incurred by any person in respect of the same building, and on the same single investment project, as that expenditure.
- (3) All such assessments and adjustments of assessments are to be made as are necessary to give effect to subsection (2).
- (4) If a person who has made a return becomes aware that, after making it, anything in it has become incorrect because of the operation of this section,

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that person must give notice to an officer of Revenue and Customs specifying how the return needs to be amended.

- (5) The notice must be given within 3 months beginning with the day on which the person first became aware that anything in the return had become incorrect because of the operation of this section.
- (6) In this section—
- “General Block Exemption Regulation” means [Commission Regulation \(EU\) No 651/2014](#) (General block exemption Regulation);
 - “relevant grant or relevant payment” means a grant or payment which is—
 - (a) a State aid, other than an allowance under this Part, or
 - (b) a grant or subsidy, other than a State aid, which the Treasury by order declares to be relevant for the purposes of the withholding of allowances under this Part;
 - “single investment project” has the same meaning as in the General Block Exemption Regulation.
- (7) Nothing in this section limits references to “State aid” to State aid which is required to be notified to and approved by the European Commission.
- (8) The Treasury may by order amend this section to make provision consequential upon the General Block Exemption Regulation being replaced by another instrument.”
- (9) In section 360M of that Act (when balancing adjustments are made), in subsection (4) for “7” substitute “ 5 ”.
- (10) Subject to subsection (11), the amendments made by this section have effect for expenditure incurred on or after the specified day.
- (11) Section 360L of CAA 2001 (inserted by subsection (8)) has effect—
- (a) in relation to a relevant grant or relevant payment made at any time (whether before or on or after the specified day) towards expenditure incurred on or after that day, and
 - (b) in relation to a relevant grant or relevant payment made on or after the specified day towards expenditure incurred before that day.
- (12) “The specified day” means—
- (a) for income tax purposes, 6 April 2014, and
 - (b) for corporation tax purposes, 1 April 2014.
- (13) In the application of section 360L of CAA 2001 in relation to expenditure incurred before the day on which this Act is passed, the definition of “General Block Exemption Regulation” in subsection (6) of that section is to be treated as referring to [Commission Regulation \(EC\) No 800/2008](#).

67 Mineral extraction allowances: activities not within charge to tax

- (1) CAA 2001 is amended as follows.

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- (2) In section 394(2) (meaning of mineral extraction trade), after “deposits” insert “ but to the extent only that the profits or gains from that trade are, or (if there were any) would be, chargeable to tax ”.
- (3) In section 399 (expenditure excluded from being qualifying expenditure), after subsection (1) insert—
- “(1A) Expenditure incurred by a person for the purposes of a mineral extraction trade is not qualifying expenditure if—
- (a) when the expenditure is incurred, the person is carrying on the trade but the trade is not at that time a mineral extraction trade, or
- (b) the person has not begun to carry on the trade when the expenditure is incurred and, when the person begins to carry on the trade, the trade is not a mineral extraction trade.
- (1B) Section 577(2) (references to commencement etc of a trade) does not apply to subsection (1A).”
- (4) In section 160 (expenditure treated as incurred for purposes of mineral extraction trade)—
- (a) the existing text becomes subsection (1), and
- (b) after that subsection insert—
- “(2) Subsection (1) does not apply to expenditure if—
- (a) when it is incurred, the person is carrying on the trade but the trade is not at that time a mineral extraction trade, or
- (b) when it is incurred, the person has not begun to carry on the trade and, when the person begins to carry on the trade, the trade is not a mineral extraction trade.
- (3) Section 577(2) (references to commencement etc of a trade) does not apply to subsection (2).”
- (5) For section 161(4)(a) (pre-trading expenditure on plant or machinery for mineral exploration and access), substitute—
- “(a) pre-trading expenditure” means capital expenditure incurred before the day on which a person begins to carry on a trade that is a mineral extraction trade, but only if there is no prior time when the person carried on that trade and the trade was not a mineral extraction trade.”.
- (6) After section 161(4) insert—
- “(4A) Section 577(2) (references to commencement etc of a trade) does not apply to subsection (4)(a).”
- (7) After section 431 (discontinuance of trade) insert—

“431A Foreign permanent establishment exemption

- (1) Subsection (2) applies if—
- (a) an election under section 18A of CTA 2009 has effect in relation to a company, and
- (b) the company carries on any trade which consists of, or includes, the working of a source of mineral deposits.

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- (2) That trade so far as carried on through one or more permanent establishments outside the United Kingdom is treated for the purposes of this Part as a trade—
- (a) separate from any other trade of the company, and
 - (b) all the profits and gains from which are not, or (if there were any) would not be, chargeable to tax.

431B Disposal value: no allowance/no charge cases

- (1) If—
- (a) an election under section 18A of CTA 2009 has effect in relation to a company, and
 - (b) the operation of sections 431A and 421(1)(b)(ii) and (2) requires the company to bring the disposal value of an asset into account,
- the disposal value is such an amount as gives rise to neither a balancing allowance nor a balancing charge.
- (2) Subsection (1) does not apply if—
- (a) the company's qualifying expenditure in respect of the asset exceeds £5 million,
 - (b) the company has claimed any capital allowance in respect of any of that expenditure, and
 - (c) the company has, at any time in a relevant accounting period, used the asset otherwise than for the purposes of a permanent establishment outside the United Kingdom.
- (3) In subsection (2)(c) “relevant accounting period” means an accounting period ending before, but ending not more than 6 years before, “the relevant day” as defined by section 18F of CTA 2009.

431C Notional allowances

- (1) Subsection (2) applies if—
- (a) an election under section 18A of CTA 2009 has effect in relation to a company, and
 - (b) but for section 18A of CTA 2009 and section 431A(2)(b), an allowance under this Part (“the notional allowance”) could be claimed under section 3(1) in respect of assets provided for the purposes of a permanent establishment outside the United Kingdom through which business is or has been carried on by the company.
- (2) The notional allowance (and any charge in connection with it which would have arisen if the allowance had been claimed) is to be made automatically and reflected in any calculation, for any relevant accounting period of the company, of the profits or losses attributable to business carried on by the company through such a permanent establishment.
- (3) Subsection (4) applies if, at the time an election under section 18A of CTA 2009 takes effect in relation to a company, the company is, by reason of sections 431A and 421(1)(b)(ii) and (2), required to bring into account the disposal value of any asset provided for the purposes of a foreign permanent

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establishment through which business is or has been carried on by the company.

- (4) For the purposes of subsections (1) and (2), the company is treated as having incurred at that time, for the purposes of the trade mentioned in section 431A(2), qualifying expenditure of an amount equal to that disposal value.
- (5) In subsection (2) “relevant accounting period”, in relation to a company by which an election under section 18A of CTA 2009 is made, means an accounting period of the company to which the election applies (as to which see section 18F of that Act).”
- (8) The amendments made by subsections (1) to (6) of this section have effect—
 - (a) for the purposes of corporation tax, in relation to claims made on or after 1 April 2014, and
 - (b) for the purposes of income tax, in relation to claims made on or after 6 April 2014,
 and in relation to those claims the amendments are treated as always having had effect.
- (9) The amendment made by subsection (7) has effect in relation to elections under section 18A of CTA 2009 which start to have effect on or after 1 April 2014.

68 Mineral extraction allowances: expenditure on planning permission

- (1) Part 5 of CAA 2001 (mineral extraction allowances) is amended as follows.
- (2) In section 396 (meaning of “mineral exploration and access”), in subsection (2) for “if planning permission is not granted” substitute “ and not as expenditure on acquiring a mineral asset ”.
- (3) In section 398 (relationship between main types of qualifying expenditure), after “Subject to” insert “ section 396(2) and ”.
- (4) The amendments made by this section have effect in relation to expenditure incurred on or after the day on which this Act is passed.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 212(4)(f) and word inserted by [2021 c. 26 Sch. 27 para. 43\(b\)\(ii\)](#)
- s. 212(5)(a)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(ii\)](#)
- s. 212(5)(b)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(iv\)](#)
- s. 212(5)(c)(iv) and word inserted by [2021 c. 26 Sch. 27 para. 43\(c\)\(v\)](#)
- Sch. 31 para. 2(3)(b) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(iii\)](#)
- Sch. 31 para. 2(4A) inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(c\)](#)
- Sch. 31 para. 3(1A) inserted by [2017 c. 32 Sch. 14 para. 45\(3\)\(b\)](#)
- Sch. 31 para. 5(b) inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(c\)](#)
- Sch. 31 para. 2(3)(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(ii\)](#)
- Sch. 31 para. 5(a) words inserted by [2017 c. 32 Sch. 14 para. 45\(4\)\(b\)](#)
- Sch. 31 para. 2(3)(a) words renumbered as Sch. 31 para. 2(3)(a) by [2017 c. 32 Sch. 14 para. 45\(2\)\(a\)\(i\)](#)
- Sch. 31 para. 5(a) words renumbered as Sch. 31 para. 5(a) by [2017 c. 32 Sch. 14 para. 45\(4\)\(a\)](#)
- Sch. 32 para. 1(2)(b) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(iii\)](#)
- Sch. 32 para. 1(3A) inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(c\)](#)
- Sch. 32 para. 1(2)(a) words inserted by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(ii\)](#)
- Sch. 32 para. 1(2)(a) words renumbered as Sch. 32 para. 1(2)(a) by [2017 c. 32 Sch. 14 para. 46\(2\)\(a\)\(i\)](#)