

Clause 1: Qualifying expenditure: buildings, structures and land

Summary

1. This clause, announced at Budget 2018, amends Part 2 of the Capital Allowances Act 2001 (CAA 2001) to clarify that the exceptions from the exclusions for expenditure on the provision of buildings, structures and alterations to land are not intended to enable allowances to be claimed on costs relating to assets for which the expenditure on the provision is excluded from allowances. The amendment is treated as always having had effect but it does not apply to claims for capital allowances made before 29 October 2018.

Details of the clause

2. Subsection (1) indicates that Chapter 3 of Part 2 of CAA 2001 is amended as detailed below.
3. Subsection (2) inserts text at the end of subsection (4) in each of sections 21 and 22 to clarify that in section 23, to which sections 21 and 22 are subject, any reference to 'plant' in List C, subsection (4) does not include anything where expenditure on its provision is excluded by sections 21 or 22.
4. Subsection (3) provides that the amendment is treated as always having had effect but does not apply to claims for capital allowances made before 29 October 2018

Background note

5. This amendment has been introduced to clarify the legislation to ensure that it is explicit about the scope of the relief and in particular to put it beyond doubt that land excavation costs for the purpose of creating an asset that functions as plant in common law are not allowable if the asset is excluded under section 21 or 22 CAA 2001.