

## Amendments 9 and 10 to Clause 7: Temporary full expensing etc for expenditure on plant or machinery

### Summary

1. These amendments ensure that the provisions for determining the amount of a balancing charge for the purposes of plant or machinery on which full expensing or the 50% first-year allowance have been claimed work as originally intended in all scenarios.

### Details of the amendment

2. Amendment 9 amends the wording in the new section 59A(3)(b) in relation to the rules for calculating the balancing charge. This ensures the rules for determining the charge work as originally intended, by requiring the relevant proportion of the disposal value to be calculated taking into account “the total amount of expenditure that has been the subject of that or any other first-year allowance or has been allocated to a pool for that or any other accounting period”. New section 59A is treated as if inserted into the Capital Allowances Act (CAA) 2001.
3. Amendment 10 amends the wording in the new section 59B(3)(b) in relation to the rules for calculating the balancing charge. This ensures the rules for determining the charge work as originally intended, by requiring the relevant proportion of the disposal value to be calculated taking into account “the total amount of expenditure that has been the subject of that or any other first-year allowance or has been allocated to a pool for that or any other accounting period”. New section 59B is treated as if inserted into the CAA 2001.
4. These amendments ensure that where full expensing or the 50% first-year allowance has been claimed for part of the qualifying expenditure on plant or machinery and another part of the expenditure has been subject of other plant and machinery allowances or has been allocated to a pool, the latter is taken into account when calculating the relevant proportion of the disposal value. The relevant proportion of the disposal value is the amount of the disposal value that is subject to an immediate balancing charge.

### Background note

5. These amendments amend clause 7, which introduces full expensing and 50% first-year allowances for qualifying expenditure on plant or machinery. The clause includes new sections 59A and 59B which are treated as inserted into the CAA 2001, which provide for an immediate balancing charge when a company is required to

bring a disposal value into account.

6. These amendments ensure the provisions for determining the amount of a balancing charge for the purposes of plant or machinery on which full expensing or the 50% first-year allowance have been claimed work as originally intended.