



Finance Act 2019

2019 CHAPTER 1

PART 1

DIRECT TAXES

Capital allowances

30 Construction expenditure on buildings and structures

- (1) The Treasury may by regulations amend CAA 2001 so as to provide for allowances under that Act to be available where—
 - (a) expenditure has been incurred, on or after 29 October 2018, on the construction of a building,
 - (b) the building is in qualifying use, and
 - (c) the expenditure incurred on the construction of the building, or other expenditure, is qualifying expenditure.
- (2) Regulations under this section (“the regulations”) must—
 - (a) specify what is qualifying use;
 - (b) specify what is qualifying expenditure;
 - (c) provide for a writing-down allowance to be available at an annual rate of 2% of the qualifying expenditure;
 - (d) specify the persons to whom allowances may be made;
 - (e) make provision about how effect is to be given to allowances.
- (3) The regulations must secure that—
 - (a) allowances are not available for expenditure on the acquisition of land or rights in or over land;
 - (b) qualifying use is restricted to use for prescribed business purposes.
- (4) The regulations may provide for allowances not to be available or to be restricted—
 - (a) in the case of a building that is wholly or partly used as a dwelling-house or for purposes that are ancillary to the purposes of a dwelling-house;

Status: This is the original version (as it was originally enacted).

- (b) in respect of a building that is used wholly or partly for holiday or overnight accommodation of a prescribed kind;
 - (c) in respect of a building that is only partly in qualifying use or in respect of periods when a building is not in qualifying use;
 - (d) in prescribed cases or circumstances.
- (5) The regulations may provide that if a person incurs expenditure for the purposes of a qualifying activity before (but not more than 7 years before) the date on which the person starts to carry on that activity, the expenditure is to be treated as if it were incurred by the person on that date.
- (6) The regulations may provide that if—
 - (a) allowances have been available to a person (A) in respect of expenditure on the construction of a building, and
 - (b) A sells A's interest in the building to another person (B),allowances are available to B in respect of the residue of the qualifying expenditure.
- (7) The regulations may make provision about leases, including provision for the grant of a lease to be treated in prescribed circumstances in the same way as the sale of the grantor's interest.
- (8) The regulations may make—
 - (a) provision under which expenditure is apportioned;
 - (b) provision for balancing adjustments (and about how effect is to be given to them);
 - (c) provision for qualifying expenditure to be written off;
 - (d) special provision about highway undertakings;
 - (e) provision about additional VAT liability and additional VAT rebate (within the meaning given by section 547 of CAA 2001);
 - (f) anti-avoidance provision;
 - (g) supplementary or incidental provision;
 - (h) consequential provision (including provision amending enactments other than CAA 2001).
- (9) The regulations may make transitional provision, including provision under which expenditure incurred on or after 29 October 2018 is treated as incurred before that date—
 - (a) where the expenditure is associated or connected with expenditure incurred before that date,
 - (b) where the expenditure relates to a contract entered into before that date, or
 - (c) in other prescribed cases.
- (10) Subsections (2) to (9) are not to be read as limiting subsection (1).
- (11) A statutory instrument containing the regulations may not be made unless a draft of the instrument has been laid before and approved by a resolution of the House of Commons.
- (12) A reference in this section to expenditure on the construction of a building includes a reference to capital expenditure—
 - (a) on repairs to the building, or
 - (b) on the renovation or conversion of the building.

(13) In this section—

“building” includes structure;

“dwelling-house” has the meaning given by the regulations;

“prescribed” means prescribed by the regulations.