

Writing-down allowances. ITA67 s264; FA75 s34(2)(a)(ii) and (iii) and (3); CTA76 s21(1) and Sch1 pars23 and 72; FA86 s52(2); FA94 s22(1)(c) and (2); FA96 s28(1) 272.—(1) A building or structure shall be one to which this section applies only if the capital expenditure incurred on the construction of it has been incurred on or after the 30th day of September, 1956.

(2) Subject to this Part, where—

(a) any person is, at the end of a chargeable period or its basis period, entitled to an interest in a building or structure to which this section applies,

(b) at the end of the chargeable period or its basis period, the building or structure is an industrial building or structure, and

(c) that interest is the relevant interest in relation to the capital expenditure incurred on the construction of that building or structure,

an allowance (in this Chapter referred to as a “writing-down allowance”) shall be made to such person for that chargeable period.

(3) A writing-down allowance shall be of an amount equal to—

(a) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (a) or (b) of section 268 (1)—

(i) 2 per cent of the expenditure referred to in subsection (2)(c), if that expenditure was incurred before the 16th day of January, 1975, or

(ii) 4 per cent of the expenditure referred to in subsection (2)(c), if that expenditure is incurred on or after the 16th day of January, 1975,

(b) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (c) or (e) of section 268 (1), 10 per cent of the expenditure referred to in subsection (2)(c),

(c) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(d), other than a building or structure to which paragraph (d) relates—

(i) 10 per cent of the expenditure referred to in subsection (2)(c), if that expenditure was incurred before the 27th day of January, 1994, or

(ii) 15 per cent of the expenditure referred to in subsection (2)(c), if that expenditure is incurred on or after the 27th day of January, 1994,

(d) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(d) by reason of its use as a holiday cottage, 10 per cent of the expenditure referred to in subsection (2)(c), and

(e) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(f), 4 per cent of the expenditure referred to in subsection (2)(c).

(4) Where the interest in a building or structure which is the relevant interest in relation to any expenditure is sold while the building or structure is an industrial building or structure, then, subject to any further adjustment under this subsection on a later sale, the writing-down allowance for any chargeable period, if that chargeable period or its basis period ends after the time of the sale, shall be the residue of that expenditure immediately after the sale, reduced in the proportion (if it is less than one) which the length of the chargeable period bears to the part unexpired at the date of the sale of the period of—

(a) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (a) or (b) of section 268 (1)—

(i) 50 years beginning with the time when the building or structure was first used, in the case where the capital expenditure on the construction of the building or structure was incurred before the 16th day of January, 1975, or

(ii) 25 years beginning with the time when the building or structure was first used, in the case where the capital expenditure on the construction of the building or structure is incurred on or after the 16th day of January, 1975,

(b) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of paragraph (c) or (e) of section 268 (1), 10 years beginning with the time when the building or structure was first used,

(c) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(d), other than a building or structure referred to in paragraph (d)—

(i) 10 years beginning with the time when the building or structure was first used, in the case where the capital expenditure on the construction of the building or structure was incurred before the 27th day of January, 1994, or

(ii) 7 years beginning with the time when the building or structure was first used, in the case where the capital expenditure on the construction of the building or structure is incurred on or after the 27th day of January, 1994,

(d) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(d) by reason of its use as a holiday cottage, 10 years beginning with the time when the building or structure was first used, and

(e) in relation to a building or structure which is to be regarded as an industrial building or structure within the meaning of section 268 (1)(f), 25 years beginning with the time when the building or structure was first used.

(5) In ascertaining a writing-down allowance to be made to a person under subsection (4), the residue of expenditure mentioned in that subsection shall, where it exceeds the amount of expenditure incurred by that person in respect of the sale, be taken to be the amount of the expenditure so incurred.

(6) Notwithstanding any other provision of this section, in no case shall the amount of a writing-down allowance made to a person for any chargeable period in respect of any expenditure exceed what, apart from the writing off to be made by reason of the making of that allowance, would be the residue of that expenditure at the end of that chargeable period or its basis period.