

Purchases of certain buildings or structures. FA70 s19(1), (2) and (2A); FA90 s75; FA91 s23; FA97 s146(1) and Sch9 Ptl par4(2) 279.—(1) For the purposes of this section—

“expenditure incurred on the construction of a building or structure” excludes any expenditure within the meaning of section 270 (2);

“the net price paid” means the amount represented by A in the equation—

$$A \text{.html } B \times C \text{ ______ } C + D$$

where—

B is the amount paid by a person on the purchase of the relevant interest in a building or structure,

C is the amount of the expenditure actually incurred on the construction of the building or structure, and

D is the amount of any expenditure actually incurred which is expenditure for the purposes of paragraph (a), (b) or (c) of section 270 (2).

(2) Where expenditure is incurred on the construction of a building or structure and, before the building or structure is used or within a period of one year after it commences to be used, the relevant interest in the building or structure is sold, then, if an allowance has not been claimed by any other person in respect of that building or structure under this Chapter—

(a) the expenditure actually incurred on the construction of the building or structure shall be disregarded for the purposes of sections 271 , 272 , 274 and 277, but

(b) the person who buys that interest shall be deemed for those purposes to have incurred, on the date when the purchase price becomes payable, expenditure on the construction of the building or structure equal to that expenditure or to the net price paid by such person for that interest, whichever is the less;

but, where the relevant interest in the building or structure is sold more than once before the building or structure is used or within the period of one year after it commences to be used, paragraph (b) shall apply only in relation to the last of those sales.

(3) Where the expenditure incurred on the construction of a building or structure was incurred by a person carrying on a trade which consists, as to the whole or any part of the trade, of the construction of buildings or structures with a view to their sale and, before the building or structure is used or within a period of one year after it commences to be used, such person sells the relevant interest in the building or structure in the course of that trade or, as the case may be, of that part of that trade, subsection (2) shall apply subject to the following modifications—

(a) if that sale is the only sale of the relevant interest before the building or structure is used or within the period of one year after it commences to be used, subsection (2) shall apply as if in paragraph (b) of that subsection “that expenditure or to” and “, whichever is the less” were deleted, and

(b) if there is more than one sale of the relevant interest before the building or structure is used or within the period of one year after it commences to be used, subsection (2) shall apply as if the reference to the expenditure actually incurred on the construction of the building or structure were a reference to the price paid on that sale.