HMRC - CFM97150 - Infrastructure: Expected Economic Life

TIOPA10/S436(2)(c) & (5)(c)

Expected economic life is a term specific to testing for qualifying infrastructure activity and is applied to both infrastructure of the UK and certain buildings which are part of a UK property business.

To be considered a public infrastructure asset an asset (which may be a building or part of a building) must have, have had, or be likely to have an expected economic life of ten years or more. This ten year limit is not limited by reference to the current owner.

Example 1

Company A constructs temporary accommodation for military barracks. It is expected at construction these will be unsuitable for use in 5-7 years. This accommodation has an expected economic life (EEL) of less than 10 years and would not be considered Infrastructure of the UK.

Example 2

Company B constructs an assault course at a different military barracks. This is considered to have useful life of 25 years. It has an EEL of greater than 10 years in Company B’s hands.

Company C acquires the assault course 20 years into its use. Even if this asset will cease to be of use in 5 years, it will still be considered an asset which had an EEL of greater than 10 years in Company C’s hands.

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