HMRC - OT26145 - Pre-Commencement Mixed Pool - Reduction In Respect Of Disposal Proceeds Under The Capital Allowance Act

CTA2010\S317

The qualifying pre-commencement expenditure for an accounting period (E) is reduced first by any capital allowances disposal proceeds (D) allocated to the period and, if any remains, by unrelieved group ring fence profits of the period (see OT26125) before it is added to the mixed pool for pre-commencement RFES.

In the pre-commencement period, the company may incur expenditure on assets that entitles them to allowances under CAA01. If subsequently the company disposes of any assets in a way that would require a disposal value to be taken into account under CAA01, then the total of all the pre-commencement disposal values (D) is set against the amount of qualifying expenditure in the mixed pool.

D is then deducted from the qualifying expenditure E for each pre-commencement period, taking the later period before earlier periods. For any pre-commencement period, E may not be reduced below nil.

Note that, if there are surplus unrelieved ring fence profits, these are not carried back into the pool for an earlier period. This is different from the treatment of capital allowances disposal proceeds.

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