

Finance Act, 2008

Section 80 - Main rate of writing down allowance

1) Section 56 of CAA 2001 (amount of allowances and charges) is amended as follows. (2) In subsection (1), for "25%" substitute "20%". (3) After that subsection insert- "(1A) But in relation to qualifying expenditure incurred wholly for the purposes of a ring fence trade in respect of which tax is chargeable under section 501A of ICTA (supplementary charge in respect of ring fence trades), the amount of the writing-down allowance to which a person is entitled for a chargeable period is 25% of the amount by which AQE exceeds TDR." (4) In subsection (2), for "Subsection (1) is" substitute "Subsections (1) and (1A) are". (5) Part 10 of Schedule 22 to FA 2000 (companies within tonnage tax: capital allowances in respect of ship leasing) is amended as follows. (6) In each of the following provisions, for "25%" substitute "20%" - (a) paragraph 94(3)(a) and (4), (b) paragraph 95(4), (c) paragraph 97(2) and (3), (d) paragraph 98(8), and (e) paragraph 99(2). (7) In paragraph 99- (a) in sub-paragraph (4), for "25%" substitute "the appropriate rate", and (b) after that sub-paragraph insert- "(5) The appropriate rate is 20%; but if for any part of the period mentioned in sub-paragraph (4) the rate of writing-down allowance to which the lessor would have been entitled under section 56(1) of the Capital Allowances Act 2001 if paragraph 94 had not applied was more than 20%, for that part of the period that rate is the appropriate rate." (8) The amendments made by this section have effect in relation to chargeable periods- (a) beginning on or after the relevant date, and (b) beginning before, and ending on or after, the relevant date. (9) But in respect of a chargeable period within subsection (8)(b), they apply as if in- (a) section 56(1) of CAA 2001, (b) the provisions listed in subsection (6), and (c) paragraph 99(5) of Schedule 22 to FA 2000, the references to 20% were to x%. (10) For the purposes of subsection (9)- Where x would be a figure with more than 2 decimal places, it is to be rounded up to the nearest second decimal place. (11) In subsection (10)- BRD is the number of days in the chargeable period before the relevant date, ARD is the number of days in the chargeable period on and after the relevant date, and CP is the number of days in the chargeable period. (12) The relevant date is- (a) for corporation tax purposes, 1 April 2008, and (b) for income tax purposes, 6 April 2008.