

Capital Allowances Heads of Terms

Examples



The following Heads of Terms are typical examples only and do not represent all possible scenarios. Guidance should be sought on the specifics of individual transactions prior to entering into negotiations with buyers or sellers.

Purchases

Following completion, if the seller has claimed plant and machinery allowances (PMAs), the buyer will seek to claim the full tax written down value of any PMAs claimed by the seller. Where available, the buyer will require the seller to provide detailed breakdowns of all items of plant and machinery claimed by the seller. The buyers preferred mechanism for establishing the amount of PMAs available to them where the seller has made a claim for such PMAs, will be a Capital Allowances Act 2001 Section 198 election.

If the seller has not claimed PMAs, the buyer will require the seller to warrant that they have not claimed and will not claim in the future.

Sales

The seller shall retain the benefit of all plant and machinery allowances (PMAs) available to them in respect of their period of ownership of the property whether or not a claim for PMAs has actually been made at the date of completion. The seller shall require the buyer to enter into a Capital Allowances Act 2001 Section 198 election fixing the amount of the purchase price being attributable to main pool plant and machinery as £1 (one pound) and special rate pool plant and machinery as £1 (one pound).