

2007 No. 303

INCOME TAX

CORPORATION TAX

**The Capital Allowances (Leases of Background Plant or
Machinery for a Building) Order 2007**

<i>Made</i> - - - -	<i>6th February 2007</i>
<i>Laid before the House of Commons</i>	<i>7th February 2007</i>
<i>Coming into force</i> - -	<i>28th February 2007</i>

The Treasury make the following Order in exercise of the powers conferred upon them by section 70T of the Capital Allowances Act 2001(a).

Citation, commencement and effect

1.—(1) This Order may be cited as the Capital Allowances (Leases of Background Plant or Machinery for a Building) Order 2007 and comes into force on 28th February 2007.

(2) This Order has effect in relation to times on and after 1st April 2006.

Examples of background plant or machinery

2.—(1) The descriptions of plant or machinery in paragraph (2) are prescribed examples of the kinds of plant or machinery that may be regarded as falling within the definition of background plant or machinery for a building in determining whether any particular plant or machinery does or does not fall within that definition.

(2) The descriptions of plant or machinery are—

- (a) heating and air conditioning installations,
- (b) ceilings which are part of an air conditioning system,
- (c) hot water installations,
- (d) electrical installations that provide power to a building, such as high and low voltage switchgear, all sub-mains distribution systems and standby generators,
- (e) mechanisms, including automatic control systems, for opening and closing doors, windows and vents,
- (f) escalators and passenger lifts,
- (g) window cleaning installations,
- (h) fittings such as fitted cupboards, blinds, curtains and associated mechanical equipment,

(a) 2001 c. 2. Section 70T was inserted by paragraph 7 of Schedule 8 to the Finance Act 2006 (c. 25).

- (i) demountable partitions,
 - (j) protective installations such as lightning protection, sprinkler and other equipment for containing or fighting fires, fire alarm systems and fire escapes, and
 - (k) building management systems.
- (3) This article is subject to article 4.

Plant or machinery deemed to be background plant or machinery

3.—(1) The following descriptions of plant or machinery are deemed to be background plant or machinery.

- (2) The descriptions of plant or machinery are—
- (a) lighting installations including all fixed light fittings and emergency lighting systems,
 - (b) telephone, audio-visual and data installations incidental to the occupation of the building,
 - (c) computer networking facilities incidental to the occupation of the building,
 - (d) sanitary appliances and other bathroom fittings including hand driers, counters, partitions, mirrors, shower and locker facilities,
 - (e) kitchen and catering facilities for producing and storing food and drink for the occupants of the building,
 - (f) fixed seating,
 - (g) signs,
 - (h) public address systems, and
 - (i) intruder alarm systems and other security equipment including surveillance equipment.

Plant or machinery deemed not to be background plant or machinery

4.—(1) The following descriptions of plant or machinery are deemed not to be background plant or machinery.

(2) The descriptions of plant or machinery are plant or machinery used for any of the purposes in paragraph (3).

- (3) The purposes are—
- (a) storing, moving or displaying goods to be sold in the course of a trade, whether wholesale or retail,
 - (b) manufacturing goods or materials,
 - (c) subjecting goods or materials to a process,
 - (d) storing goods or materials—
 - (i) which are to be used in the manufacture of other goods or materials,
 - (ii) which are to be subjected, in the course of a trade, to a process,
 - (iii) which, having been manufactured or produced or subjected in the course of a trade to a process, have not yet been delivered to any purchaser, or
 - (iv) on their arrival in the United Kingdom from a place outside the United Kingdom.

(4) This article is subject to article 3.

6th February 2007

Frank Roy
Dave Watts

Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

The Finance Act 2006 (c. 25) amended the Capital Allowances Act 2001 (c. 2) to introduce new provisions in relation to long funding leases of plant or machinery. Leases of background plant or machinery are excluded from these provisions. This Order prescribes descriptions of plant or machinery to be used as examples of the kinds of plant or machinery that may be regarded as falling within the definition of background plant or machinery and deems other descriptions of plant or machinery to be, or not to be, background plant or machinery.

This Order is the first made under section 70T of the Capital Allowances Act 2001 and in accordance with subsection (4) of that section has effect in relation to times on or after 1st April 2006.

A regulatory impact assessment in respect of the provisions of the Finance Act 2006 is available on the website of HM Revenue and Customs at www.hmrc.gov.uk/ria and may be obtained by writing to the Ministerial Correspondence Unit, 1st Floor, HM Revenue and Customs, Ferrers House, P.O. Box 38, Castle Meadow Road, Nottingham, NG2 1BB.

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£3.00

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E0132 2/2007 170132T 19585