



Capital Allowances Act 2001

2001 CHAPTER 2

PART 6

RESEARCH AND DEVELOPMENT ALLOWANCES

CHAPTER 2

QUALIFYING EXPENDITURE

439 Qualifying expenditure

- (1) In this Part “qualifying expenditure” means capital expenditure incurred by a person on research and development directly undertaken by him or on his behalf if—
 - (a) he is carrying on a trade when the expenditure is incurred and the research and development relates to that trade, or
 - (b) after incurring the expenditure he sets up and commences a trade connected with the research and development.
- (2) The same expenditure may not be taken into account as qualifying expenditure in relation to more than one trade.
- (3) The trade by reference to which expenditure is qualifying expenditure is referred to in this Part as “the relevant trade” in relation to that expenditure.
- (4) If capital expenditure is partly within subsection (1) and partly not, the expenditure is to be apportioned in a just and reasonable manner.
- (5) References in this Chapter to research and development related to a trade include—
 - (a) research and development which may lead to or facilitate an extension of that trade, and
 - (b) research and development of a medical nature which has a special relation to the welfare of workers employed in that trade.

Status: This is the original version (as it was originally enacted).

440 Excluded expenditure: land

- (1) Expenditure on the acquisition of land, or rights in or over land, is not qualifying expenditure.
- (2) But that does not prevent such expenditure from being qualifying expenditure so far as it is referable to the acquisition of—
 - (a) a building or structure already constructed on the land,
 - (b) rights in or over such a building or structure, or
 - (c) plant or machinery which forms part of such a building or structure.
- (3) For the purposes of subsection (2), the expenditure is to be apportioned in a just and reasonable manner.