



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 8

#### PATENT ALLOWANCES

#### CHAPTER 2

##### QUALIFYING EXPENDITURE

#### 467 Qualifying expenditure

Expenditure is qualifying expenditure only if it is—

- (a) qualifying trade expenditure, or
- (b) qualifying non-trade expenditure.

#### 468 Qualifying trade expenditure

- (1) “Qualifying trade expenditure” means capital expenditure incurred by a person on the purchase of patent rights for the purposes of a trade within the charge to tax carried on by the person.
- (2) The same expenditure may not be taken into account as qualifying trade expenditure in relation to more than one trade.
- (3) Expenditure incurred for the purposes of a trade by a person about to carry on the trade is to be treated as if it had been incurred by him on the first day on which he carries on the trade.
- (4) But subsection (3) does not apply if the person has before that day sold all the rights on the purchase of which the expenditure was incurred.

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*Status: This is the original version (as it was originally enacted).*

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#### **469 Qualifying non-trade expenditure**

“Qualifying non-trade expenditure” means capital expenditure incurred by a person on the purchase of patent rights if—

- (a) any income receivable by the person in respect of the rights would be liable to tax, and
- (b) the expenditure is not qualifying trade expenditure.