

FINANCE ACT 2014

EXPLANATORY NOTES

INTRODUCTION

Section 68: Mineral Extraction Allowances: Expenditure on Planning Permission

Summary

1. This section extends the scope of qualifying expenditure on mineral exploration and access to include expenditure on seeking planning permission where that planning permission is granted.

Details of the Section

2. Subsection (1) provides that the section amends Part 5 (mineral extraction allowances) of CAA 2001.
3. Subsection (2) amends section 396(2) of CAA 2001 by substituting “and not as expenditure on acquiring a mineral asset” for “if planning permission is not granted”.
4. Subsection (3) amends section 398 of CAA 2001 by inserting “section 396(2) and” after “Subject to”.
5. Subsection (4) provides that amendments made by this section have effect in relation to expenditure incurred on or after Royal Assent to Finance Act 2014.

Background Note

6. The mineral extraction allowances legislation at Part 5 of CAA 2001 provides that allowances are available, amongst other categories, in respect of expenditure on mineral exploration and access (which is qualifying expenditure under Chapter 2) and expenditure on acquiring a mineral asset (which is qualifying expenditure under Chapter 3). Qualifying expenditure under Chapter 3 is given relief at 10% per chargeable period whereas qualifying expenditure under chapter 2 is given relief at 25% and, for expenditure allowable for the purposes of a ring fence trade, 100%.
7. Prior to changes provided by this section, qualifying expenditure on seeking planning permission necessary to enable mineral exploration and access to be undertaken at any place, or any mineral deposits to be worked, is treated as expenditure on mineral exploration and access (and thus obtaining relief at the higher rates) if planning permission is not granted. However if planning permission is granted then such expenditure is treated as acquiring a mineral asset with relief being given at the lower rate of 10%.
8. This section aligns the treatment of both successful and unsuccessful planning permission with successful planning permission now qualifying for allowances at the higher rates.