

CORPORATION TAX (NORTHERN IRELAND) ACT 2015

EXPLANATORY NOTES

SECTION 2 AND SCHEDULE 1: CAPITAL ALLOWANCES

Part 4 of Schedule 1

134. In Part 4 of Schedule 1, paragraph 11 introduces amendments to section 360Z CAA 2001 to make it clear that where a company or partnership, because of its NI rate activity, is treated as carrying on two separate trades, any business premises renovation allowances, or corresponding charges, relate to the trade the qualifying building is used in. A just and reasonable apportionment applies where the building is used by both trades.
135. The amendment made by paragraph 12 relates to mineral extraction allowances. It amends section 394 to provide that where a company, because of its NI rate activity, is treated as carrying on two separate trades, both trades will be treated as mineral extraction trades if the separate trades together would be so treated. Any allowance or charge applies separately to each trade.
136. [Paragraph 13](#) amends section 432 so as to provide that mineral extraction allowances are given effect, in the case of a Northern Ireland SME company or a NIRE company, in accordance with section 6E (as inserted by paragraph 2 of Schedule 1 to the Act).
137. [Paragraph 14](#) inserts new section 439A which governs how research and development allowances will be treated where a company or partnership incurs expenditure for the purpose of a trade on an activity that will, upon the company becoming a NIRE company, be an NI rate activity treated as a separate trade. Any such expenditure will be treated as incurred on the first day the company is a NIRE company.
138. [Paragraph 15](#) amends section 450 so as to provide that research and development allowances are given effect, in the case of a Northern Ireland SME company or a NIRE company, in accordance with section 6E (as inserted by paragraph 2).
139. [Paragraph 16](#) amends section 484 so as to provide for the purposes of dredging allowances that, where a company, because of its NI rate activity, is treated as carrying on two separate trades, both trades will be treated as qualifying trades if the separate trades together would be so treated.
140. [Paragraph 17](#) amends section 489 so as to provide that dredging allowances are given effect, in the case of a Northern Ireland SME company or a NIRE company, in accordance with section 6E (as inserted by paragraph 2).