



Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

[^{F1}CHAPTER 5A

FIRST-YEAR QUALIFYING EXPENDITURE

Textual Amendments

- F1** Pt. 5 Ch. 5A inserted (with effect as mentioned in s. 63 of the amending Act) by [Finance Act 2002](#) (c. 23), s. 63, [Sch. 21 para. 9](#)

General

416A First-year allowances available for certain types of qualifying expenditure

A first-year allowance is not available unless the qualifying expenditure is first-year qualifying expenditure under section 416B (expenditure incurred wholly for purposes of a ring fence trade).

Types of expenditure which may qualify for first year allowances

416B Expenditure incurred by company for purposes of a ring fence trade

- (1) Expenditure is first-year qualifying expenditure if—
- (a) it is incurred on or after 17th April 2002,
 - (b) it is incurred by a company,
 - (c) it is incurred wholly for the purposes of a ring fence trade, and

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 5A. (See end of Document for details)

- (d) it is not excluded by—
- (i) subsection (2) (acquisition of mineral asset), or
 - (ii) subsection (3) (acquisition of asset representing expenditure of connected company).
- (2) Expenditure is not first-year qualifying expenditure under this section if it is expenditure on acquiring a mineral asset [^{F2}(within the meaning of section 403)].
- (3) Expenditure is not first-year qualifying expenditure under this section if it is expenditure incurred by a company on the acquisition of an asset representing expenditure incurred by a company connected with that company.
- (4) To the extent that references in this section to an asset representing expenditure incurred by a company include a reference to an asset representing expenditure on mineral exploration and access, they also include a reference to any results obtained from any search, exploration or inquiry on which any such expenditure was incurred.
- (5) In this section “ ring fence trade ” means a ring fence trade in respect of which tax is chargeable under [^{F3}section 330(1) of CTA 2010] (supplementary charge in respect of ring fence trades).

Textual Amendments

- F2** Words in s. 416B(2) inserted (with effect in accordance with s. 92(10) of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [s. 92\(6\)](#)
- F3** Words in s. 416B(5) substituted (1.4.2010) (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 355](#) (with [Sch. 2](#))

Supplementary

416C Time when expenditure is incurred

- (1) In determining whether expenditure is first-year qualifying expenditure under this Chapter, any effect of the provisions specified in subsection (2) on the time at which the expenditure is to be treated as incurred is to be disregarded.
- (2) The provisions are—
- (a) section 400(4) (which treats certain pre-trading expenditure as incurred on the first day of trading), and
 - (b) section 434 (which treats certain other expenditure incurred for the purposes of a trade about to be carried on as incurred on that day).]

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 5A.