
Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, Paragraph 9. (See end of Document for details)

SCHEDULES

SCHEDULE 21

FIRST-YEAR ALLOWANCES FOR EXPENDITURE WHOLLY FOR A RING FENCE TRADE

PART 2

MINERAL EXTRACTION ALLOWANCES

First-year qualifying expenditure

9 After section 416, insert the following Chapter—

“CHAPTER 5A

FIRST-YEAR QUALIFYING EXPENDITURE

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
 - (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.

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- (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 section 501A of the Taxes Act 1988 (supplementary charge in respect of ring fence trades).

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 Finance Act 2002, Paragraph 9.