

*These notes refer to the Capital Allowances Act 2001  
(c.2) which received Royal Assent on 22nd March 2001*

# CAPITAL ALLOWANCES ACT 2001

---

## EXPLANATORY NOTES

### COMMENTARY ON SECTIONS

#### *Glossary*

#### **Part 5: Mineral extraction allowances**

#### *Chapter 7: Supplementary provisions*

#### **Overview**

- 1475. This Chapter deals with giving effect to allowances and charges and other matters.
- 1476. [Section 432](#) sets out how allowances and charges are given effect for the mineral extraction trade.
- 1477. [Section 433](#) gives relief for demolition costs in certain cases.
- 1478. [Section 434](#) deals with when expenditure actually incurred before the trade starts is to be treated as incurred in this Part.
- 1479. [Section 435](#) treats this Part as applying to shares in assets as it applies to parts of assets.
- 1480. [Section 436](#) defines some terms used in this Part.

#### *Section 432: Giving effect to allowances and charges*

- 1481. This section is based on sections 104, 140(2), 144(2) and 161(2) and (5) of CAA 1990. It gives effect to allowances and charges as trading expenses or receipts for the chargeable period concerned.

#### *Section 433: Treatment of demolition costs*

- 1482. This section is based on sections 103 and 161(2) of CAA 1990. It allows net demolition costs to be added to the qualifying expenditure concerned in calculating the balancing allowance or balancing charge arising on the demolition of an asset representing qualifying expenditure.
- 1483. *Subsection (3)* stops the cost of demolition from being relieved more than once.

#### *Section 434: Time when expenditure incurred*

- 1484. This section is based on section 120(1) of CAA 1990.
- 1485. *Subsection (2)* avoids duplication that exists in CAA 1990 as to the time at which the qualifying expenditure is treated as incurred. See *Note 51* in Annex 2.

#### *Section 435: Share in assets*

- 1486. This section is based on section 121(5) of CAA 1990.

*These notes refer to the Capital Allowances Act 2001  
(c.2) which received Royal Assent on 22nd March 2001*

***Section 436: Meaning of “development” etc.***

1487. This section is based on section 121(1) of CAA 1990.