Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 6

ALLOWANCES AND CHARGES

Writing-down and balancing allowances and balancing charges

417 Determination of entitlement or liability

(1) Whether a person who has incurred qualifying expenditure is entitled to a writing-down allowance or a balancing allowance, or liable to a balancing charge, for a chargeable period depends on—

- (a) how much of the expenditure is unrelieved qualifying expenditure for that period ("UQE"), and
- (b) the total of any disposal receipts to be brought into account for that period ("TDR") by reference to the expenditure.

(2) If UQE exceeds TDR, the person is entitled to a writing-down allowance or a balancing allowance for the period.

(3) If TDR exceeds UQE, the person is liable to a balancing charge for the period.

(4) The entitlement under subsection (2) is to a writing-down allowance except in cases for which sections 426 to 431 provide for the entitlement to be to a balancing allowance.

418 Amount of allowances and charges

(1) The amount of the writing-down allowance to which a person is entitled for any chargeable period in respect of qualifying expenditure is—

(a) in the case of qualifying expenditure on the acquisition of a mineral asset, 10% of the amount by which UQE exceeds TDR;
(b) in the case of other qualifying expenditure, 25% of the amount by which UQE exceeds TDR.

(2) If the chargeable period is more or less than a year, the amount of the writing-down allowance is proportionately increased or reduced.

(3) If the mineral extraction trade has been carried on for part only of the chargeable period, the amount of the writing-down allowance is proportionately reduced.

(4) The amount of the balancing charge to which a person is liable for a chargeable period in respect of qualifying expenditure is—
(a) the amount by which TDR exceeds UQE, or
(b) if less, the allowances for earlier chargeable periods in respect of the expenditure less the total of any balancing charges for those periods in respect of the expenditure.

[[F1]Where a person is liable to a balancing charge in respect of first-year qualifying expenditure for the chargeable period in which he incurred the expenditure, any first-year allowance made in respect of the expenditure shall be treated for the purposes of paragraph (b) as if it were an allowance for an earlier chargeable period.**]**

[F1](5) The amount of the balancing allowance to which a person is entitled for a chargeable period in respect of qualifying expenditure is the amount by which UQE exceeds TDR.

(6) A person claiming a writing-down allowance or a balancing allowance may require the allowance to be reduced to a specified amount.

Textual Amendments

F1 Words in s. 418(4) inserted (with effect as mentioned in s. 63(3) of the amending Act) by Finance Act 2002 (c. 23), s. 63, **Sch. 21 para. 12**

Changes to legislation:
There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross Heading: Writing-down and balancing allowances and balancing charges.