



Capital Allowances Act 2001

2001 CHAPTER 2

PART 6

RESEARCH AND DEVELOPMENT ALLOWANCES

CHAPTER 2

QUALIFYING EXPENDITURE

439 Qualifying expenditure

- (1) In this Part “qualifying expenditure” means capital expenditure incurred by a person on research and development directly undertaken by him or on his behalf if—
 - (a) he is carrying on a trade when the expenditure is incurred and the research and development relates to that trade, or
 - (b) after incurring the expenditure he sets up and commences a trade connected with the research and development.
- (2) The same expenditure may not be taken into account as qualifying expenditure in relation to more than one trade.
- (3) The trade by reference to which expenditure is qualifying expenditure is referred to in this Part as “the relevant trade” in relation to that expenditure.
- (4) If capital expenditure is partly within subsection (1) and partly not, the expenditure is to be apportioned in a just and reasonable manner.
- (5) References in this Chapter to research and development related to a trade include—
 - (a) research and development which may lead to or facilitate an extension of that trade, and
 - (b) research and development of a medical nature which has a special relation to the welfare of workers employed in that trade.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 2. (See end of Document for details)

[^{F1}439A Qualifying expenditure incurred for purposes of NI rate activity

- (1) Subsection (2) applies if—
 - (a) a company that does not have a Northern Ireland regional establishment incurs expenditure for the purposes of a trade,
 - (b) the activities for the purposes of which the expenditure is incurred would, if the company were a NIRE company, be an NI rate activity treated as a separate trade, and
 - (c) the company subsequently becomes a NIRE company.
- (2) The expenditure is to be treated as incurred on the first day of the first chargeable period in which the company is a NIRE company.
- (3) Subsection (4) applies if—
 - (a) a partnership that does not have a Northern Ireland regional establishment incurs expenditure for the purposes of a trade,
 - (b) the activities for the purposes of which the expenditure is incurred would, if the partnership were a Northern Ireland Chapter 7 firm, be an NI rate activity treated as a separate trade, and
 - (c) the partnership subsequently becomes a Northern Ireland Chapter 7 firm.
- (4) The expenditure is to be treated as incurred on the first day of the first chargeable period in which the partnership is a Northern Ireland Chapter 7 firm.
- (5) In this section “Northern Ireland regional establishment” has the same meaning as in Part 8B of CTA 2010 (see Chapter 5 of that Part as read, in relation to a partnership, with section 357WA(4) of that Act).]

Textual Amendments

F1 S. 439A inserted (with effect in accordance with s. 5 of the amending Act) by [Corporation Tax \(Northern Ireland\) Act 2015 \(c. 21\)](#), [Sch. 1 para. 14](#)

440 Excluded expenditure: land

- (1) Expenditure on the acquisition of land, or rights in or over land, is not qualifying expenditure.
- (2) But that does not prevent such expenditure from being qualifying expenditure so far as it is referable to the acquisition of—
 - (a) a building or structure already constructed on the land,
 - (b) rights in or over such a building or structure, or
 - (c) plant or machinery which forms part of such a building or structure.
- (3) For the purposes of subsection (2), the expenditure is to be apportioned in a just and reasonable manner.

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Chapter 2.