



Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 2

QUALIFYING EXPENDITURE ON MINERAL EXPLORATION AND ACCESS

402 Pre-trading expenditure on plant or machinery

- (1) This section applies if—
 - (a) a person incurs pre-trading expenditure on the provision of plant or machinery for mineral exploration and access,
 - (b) the plant or machinery was used in connection with mineral exploration and access at a source, and
 - (c) before the first day of trading, the plant or machinery is sold, demolished, destroyed or abandoned.
- (2) The amount of the expenditure (“pre-trading expenditure on plant or machinery”) that is qualifying expenditure depends on whether mineral exploration and access is continuing at the source on the first day of trading.
- (3) If it is, so much of the pre-trading expenditure on plant or machinery as exceeds any relevant receipts is qualifying expenditure.
- (4) If it is not, only so much of the pre-trading expenditure on plant or machinery as—
 - (a) was incurred within 6 years ending on the first day of trading, and
 - (b) exceeds any relevant receipts,is qualifying expenditure.
- (5) “Relevant receipts” means—
 - (a) if the plant or machinery is sold, the net proceeds to the person of the sale;

Changes to legislation: *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 402. (See end of Document for details)*

- (b) if the plant or machinery is demolished or destroyed, the net amount received by the person for the remains of the plant or machinery, together with—
 - (i) any insurance money received by him in respect of the demolition or destruction, and
 - (ii) any other compensation of any description so received, so far as it consists of capital sums;
- (c) if the plant or machinery is abandoned—
 - (i) any insurance money received by the person in respect of the abandonment, and
 - (ii) any other compensation of any description so received, so far as it consists of capital sums.

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 402.