Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE ON ACQUIRING A MINERAL ASSET

404 Exclusion of undeveloped market value of land

(1) If the mineral asset is an interest in land, so much of the buyer's expenditure on acquiring the asset as is equal to the undeveloped market value of the interest is not qualifying expenditure.

(2) "The undeveloped market value of the interest" means the amount that, at the time of the acquisition, the interest might reasonably be expected to fetch on a sale in the open market on the assumptions in subsection (3).

(3) The assumptions are that—

(a) there is no source of mineral deposits on or in the land, and

(b) it will only ever be lawful to carry out existing permitted development.

(4) Development is existing permitted development if at the time of the acquisition—

(a) it has been, or had begun to be, lawfully carried out, or

(b) it could be lawfully carried out under planning permission granted by a general development order.

(5) In applying subsection (4) in relation to land outside the United Kingdom—

(a) whether, at the time of the acquisition, development has been, or had begun to be, lawfully carried out is to be determined according to the law of the territory in which the land is situated, and

(b) whether, at that time, development could be lawfully carried out under planning permission granted by a general development order is to be determined as if the land were in England.

(6) References in this section to the time of acquisition are not affected by section 434 (expenditure incurred before trade carried on).

(7) This section does not apply to the buyer's expenditure if an election under section 569 (election to treat sale as being for alternative amount) is made in relation to the acquisition.

Changes to legislation:
There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 404.