



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 5

#### MINERAL EXTRACTION ALLOWANCES

### CHAPTER 4

#### QUALIFYING EXPENDITURE: SECOND-HAND ASSETS

*Qualifying expenditure on assets limited by reference to historic costs*

**410 UK oil licence: limit is original licence payment**

- (1) This section applies if a person carrying on a mineral extraction trade (“the buyer”) incurs capital expenditure on acquiring a mineral asset which is a UK oil licence, or an interest in such a licence, for the purposes of that trade.
- (2) If this section applies, the buyer’s expenditure is qualifying expenditure only to the extent that it does not exceed—
  - (a) the original licence payment, or
  - (b) if the mineral asset is an interest in a UK oil licence, such part of the original licence payment as it is just and reasonable to attribute to the interest.
- (3) In this section “the original licence payment” means the amount paid to the relevant authority for the purpose of obtaining the licence by the person to whom the licence was granted.
- (4) This section does not affect any expenditure that is treated as qualifying expenditure on mineral exploration and access under—
  - section 407(5) (acquisition of mineral asset owned by previous trader), or
  - section 408(2) (acquisition of oil licence from non-trader).

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***Changes to legislation:*** *There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 410. (See end of Document for details)*

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- (5) In this section “UK oil licence” and “the relevant authority” have the same meaning as in Chapter 3 of Part 12.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 410.