



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 5

#### MINERAL EXTRACTION ALLOWANCES

### CHAPTER 6

#### ALLOWANCES AND CHARGES

#### *Cases in which a person is entitled to a balancing allowance*

#### **[<sup>F1</sup>431D Persons leaving cash basis**

- (1) This section applies if—
- (a) a person carrying on a mineral extraction trade leaves the cash basis in a chargeable period,
  - (b) the person has incurred expenditure at a time when an election under section 25A of ITTOIA 2005 (cash basis for trades) has effect in relation to the trade,
  - (c) some or all of the expenditure was brought into account in calculating the profits of the trade on the cash basis, and
  - (d) the expenditure would have been qualifying expenditure if an election under section 25A of that Act had not had effect at the time the expenditure was incurred.
- (2) In this section—
- (a) the “relieved portion” of the expenditure is the higher of the following—
    - (i) the amount of that expenditure for which a deduction was allowed in calculating the profits of the trade, or
    - (ii) the amount of that expenditure for which a deduction would have been so allowed if the expenditure had been incurred wholly and exclusively for the purposes of the trade;

---

*Changes to legislation:* There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 431D. (See end of Document for details)

---

- (b) the “unrelieved portion” of the expenditure is any remaining amount of the expenditure.
- (3) An amount of the expenditure equal to the amount (if any) by which the unrelieved portion of the expenditure exceeds the relieved portion of the expenditure is to be regarded as qualifying expenditure incurred by the person in the chargeable period.
- (4) For the purposes of this section a person carrying on a trade leaves the cash basis in a chargeable period if—
  - (a) immediately before the beginning of the chargeable period an election under section 25A of ITTOIA 2005 had effect in relation to the trade, and
  - (b) such an election does not have effect in relation to the trade for the chargeable period.]

---

**Textual Amendments**

- F1** S. 431D inserted (with effect in accordance with Sch. 2 para. 64 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 2 para. 55](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 431D.