



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 5

#### MINERAL EXTRACTION ALLOWANCES

#### CHAPTER 2

##### QUALIFYING EXPENDITURE ON MINERAL EXPLORATION AND ACCESS

#### **401 Pre-trading exploration expenditure**

- (1) This section applies if—
  - (a) a person incurs pre-trading expenditure on mineral exploration and access at a source, and
  - (b) the expenditure is not incurred on the provision of plant or machinery.
- (2) The amount of the expenditure (“pre-trading exploration expenditure”) 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 exploration expenditure as exceeds any relevant receipts is qualifying expenditure.
- (4) If it is not, only so much of the pre-trading exploration expenditure 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 capital sums received—
  - (a) by the person incurring the pre-trading exploration expenditure referred to in subsection (3) or (4), and
  - (b) before the first day of trading,so far as they are reasonably attributable to that expenditure.

**Status:**

Point in time view as at 31/12/2012.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 401.