



Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 3

QUALIFYING EXPENDITURE ON ACQUIRING A MINERAL ASSET

406 Reduction where premium relief previously allowed

- (1) This section applies if—
- the mineral asset is or includes an interest in land, and
 - for chargeable periods previous to the chargeable period for which the buyer first becomes entitled to an allowance under this Part in respect of the expenditure on acquiring the mineral asset, deductions are made under [^{F1}sections 60 to 67 of ITTOIA 2005 or under [^{F2}sections 62 to 67 of CTA 2009]] (deductions in calculating trading profits where premiums etc. taxable).
- (2) The amount of the expenditure on the acquisition of the mineral asset that is qualifying expenditure is reduced by—

$$D \times \frac{E}{T}$$

where—

D is the total of the deductions made under [^{F3}sections 60 to 67 of ITTOIA 2005 or under [^{F4}sections 62 to 67 of CTA 2009]] in the earlier chargeable periods mentioned in subsection (1)(b),

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 406. (See end of Document for details)

E is the amount of the capital expenditure on the acquisition of the interest in land that would have been qualifying expenditure if the buyer had been entitled to allowances under this Part in those earlier periods, and

T is the total amount of the capital expenditure on the acquisition of the interest in land.

Textual Amendments

- F1** Words in s. 406(1) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 561(2)** (with [Sch. 2](#))
- F2** Words in s. 406(1)(b) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 508(2)** (with [Sch. 2 Pts. 1, 2](#))
- F3** Words in s. 406(2) substituted (6.4.2005) by [Income Tax \(Trading and Other Income\) Act 2005 \(c. 5\)](#), s. 883(1), **Sch. 1 para. 561(3)** (with [Sch. 2](#))
- F4** Words in s. 406(2) substituted (with effect in accordance with s. 1329(1) of the amending Act) by [Corporation Tax Act 2009 \(c. 4\)](#), s. 1329(1), **Sch. 1 para. 508(3)** (with [Sch. 2 Pts. 1, 2](#))

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 406.