

Expenditure incurred by person not engaged in trade of mining. F(TPCM)A74 s5; CTA76 s21(1) and Sch1 par67
676.—(1) Where—

(a) a person incurs exploration expenditure which results in the finding of a deposit of scheduled minerals, and

(b) without having carried on any trade which consists of or includes the working of that deposit and without any allowance or deduction under or by virtue of sections 672 to 683 having been made to the person in respect of that expenditure, the person sells any assets representing that expenditure to another person,

then, if that other person carries on such a trade in connection with that deposit, that other person shall for the purposes of sections 672 to 683 be deemed to have incurred, for the purposes of the trade and in connection with the deposit, exploration expenditure equal to the lesser of—

(i) the amount of the exploration expenditure represented by the assets, and

(ii) the price paid by that other person for the assets,

and that expenditure shall be deemed to have been incurred by that other person on the date on which that other person commences to carry on that trade.

(2) A person who by virtue of subsection (1) is deemed to have incurred an amount of exploration expenditure shall be deemed not to have incurred that amount of expenditure unless the working of the deposit results in the production of scheduled minerals in reasonable commercial quantities.

(3) Subject to paragraphs 16 and 18 of Schedule 32, a deduction or allowance in respect of the same expenditure shall not be made both under this section and under some other provision of the Tax Acts.

(4) Section 677 shall not apply to expenditure in respect of which an allowance is made by virtue of this section.