

Exploration expenditure incurred by certain bodies corporate. F(TPCM)A74 s4; CTA76 s21(1) and Sch1 par66; FA90 s39(c) 675.—(1) Subject to subsection (2), where exploration expenditure, in respect of which an allowance may be claimed by virtue of section 673 or 674, or (as respects expenditure incurred on or after the 1st day of April, 1990) by virtue of section 673 as applied by section 679, is or has been incurred by a body corporate (in this section referred to as “the exploration company”) and—

(a) another body corporate is or is deemed to be a wholly-owned subsidiary of the exploration company,  
or

(b) the exploration company is or is deemed to be a wholly-owned subsidiary of another body corporate,

then, the expenditure or so much of it as the exploration company specifies—

(i) in the case referred to in paragraph (a), may at the election of the exploration company be deemed to have been incurred by such other body corporate (being a body corporate which is or is deemed to be a wholly-owned subsidiary of the exploration company) as the exploration company specifies,

(ii) in the case referred to in paragraph (b), may at the election of the exploration company be deemed to have been incurred by the body corporate (in this paragraph referred to as “the parent body”) of which the exploration company was, at the time the expenditure was incurred, a wholly-owned subsidiary or by such other body corporate (being a body corporate which is or is deemed to be a wholly-owned subsidiary of the parent body) as the exploration company specifies,

and, in a case where that expenditure was incurred on a date before the incorporation of the body corporate so specified, sections 672 to 683 shall apply in relation to the granting of any allowance in respect of that expenditure as if that body corporate had been in existence at the time the expenditure was incurred and had incurred the expenditure at that time.

(2) (a) The same expenditure shall not be taken into account in relation to more than one trade by virtue of this section.

(b) Subject to paragraphs 16 and 18 of Schedule 32, an allowance shall not be granted in respect of the same expenditure both by virtue of this section and under some other provision of the Tax Acts.

(3) A body corporate shall for the purposes of subsection (1) be deemed to be a wholly-owned subsidiary of another body corporate if and so long as all of its ordinary share capital is owned by that other body corporate, whether directly or through another body corporate or other bodies corporate or partly directly and partly through another body corporate or other bodies corporate; but, where part of the ordinary share capital of any body corporate is held by a Minister of the Government and the remainder of the ordinary share capital of that body corporate is held by another body corporate, the first-mentioned body corporate shall for the purposes of subsection (1) be deemed to be a wholly owned subsidiary of the last-mentioned body corporate.

(4) Subsections (5) to (10) of section 9 shall apply for the purpose of determining the amount of ordinary share capital held in a body corporate through other bodies corporate.