HMRC - OT26390 - Capital Allowances: Mineral Extraction Allowance - Pre-Trading Expenditure

Under CAA2001\S394(1), one of the main conditions for relief is that the person incurring the expenditure carries on “a mineral extraction trade” defined as “a trade which consists of, or includes the working of a source of mineral deposits” (CAA2001\S394(2)), and incurs the expenditure for the purposes of that trade.

Relief is therefore not due to non traders. There is, however, specific legislation which enables relief to be given to traders for expenditure incurred prior to commencement of trade.

Guidance is available in the Capital Allowances Manual at CA50240 and CA50250. The legislation for pre-trading exploration expenditure is at CAA2001\S401 and that for pre-trading expenditure on plant & machinery is at CAA2001\S402.

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