



# Energy (Oil and Gas) Profits Levy Act 2022

## 2022 CHAPTER 40

### *Relief for investment expenditure*

#### **2 Additional expenditure treated as incurred for purposes of section 1**

- (1) This section applies for the purposes of section 1 if, in a qualifying accounting period, a company has incurred investment expenditure.
- (2) Expenditure is “investment expenditure” so far as—
  - (a) it is capital expenditure, operating expenditure or leasing expenditure,
  - (b) it is incurred for the purposes of oil-related activities,
  - (c) it is not incurred for disqualifying purposes, and
  - (d) it does not consist of financing costs or decommissioning costs.

[<sup>F1</sup>(3) For the purposes of section 1 the company is to be treated as if, in addition to the investment expenditure (“the IE”) incurred by it in the accounting period, it had incurred in that period—

- (a) expenditure of an amount equal to 80% of the amount of the IE, in a case where the expenditure is capital expenditure on the de-carbonisation of its upstream petroleum production, and
- (b) expenditure of an amount equal to 29% of the amount of the IE, in any other case.]

- (4) For the purposes of this section, if investment expenditure is incurred partly for the purposes of oil-related activities and partly for other purposes, the expenditure is to be attributed to the oil-related activities on a just and reasonable basis.

[<sup>F2</sup>(4A) For the purposes of this section, where a company incurs expenditure part of which is capital expenditure on the de-carbonisation of its upstream petroleum production and part of which is not, the expenditure is to be apportioned on a just and reasonable basis.]

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- (5) This section needs to be read with section 6 (which prevents recycling etc of assets to generate relief).

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**Textual Amendments**

- F1** S. 2(3) substituted (with effect in accordance with s. 12(7) of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 12\(2\)](#)
- F2** S. 2(4A) inserted (with effect in accordance with s. 12(7) of the amending Act) by [Finance \(No. 2\) Act 2023 \(c. 30\), s. 12\(3\)](#)
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**Commencement Information**

- I1** S. 2 in force at Royal Assent

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 17A17B inserted by [2024 c. 12 s. 19](#)