

*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 1983, Part I. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 8

#### RELIEFS FOR EXPLORATION AND APPRAISAL EXPENDITURE ETC

#### PART I

#### SECTION TO BE INSERTED AFTER SECTION 5 OF THE PRINCIPAL ACT

**Modifications etc. (not altering text)**

- C1** The text of Sch. 8 Pt. I is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

**Allowance of exploration and appraisal expenditure.**

- “5A (1) The exploration and appraisal expenditure which, subject to the provisions of this section and Schedule 7 to this Act, is allowable in the case of a person who is a participator in an oil field is any expenditure (whether or not of a capital nature) which—
- (a) is incurred after 15th March 1983 by that person or, if that person is a company, by that company or a company associated with it in respect of the expenditure; and
  - (b) is so incurred wholly and exclusively for one or more of the purposes specified in subsection (2) below; and
  - (c) at the time it is so incurred, does not relate to a field for which a development decision has previously been made.
- (2) The purposes referred to in subsection (1) above are—
- (a) the purpose of searching for oil in the United Kingdom, the territorial sea thereof or a designated area;
  - (b) the purpose of ascertaining the extent or characteristics of any oil-bearing area in the United Kingdom, the territorial sea thereof or a designated area;
  - (c) the purpose of ascertaining what are the reserves of oil of any such oil-bearing area; and
  - (d) subject to subsection (3) below, the purpose of making to the Secretary of State any payment under or for the purpose of obtaining a licence (not being a payment by way of royalty or other periodic payment).
- (3) Expenditure incurred for the purpose mentioned in subsection (2)(d) above is not allowable under this section unless, at the time the allowance is claimed,—
- (a) the licence to which the expenditure related has expired or has been determined or revoked; or
  - (b) part of the licensed area has been surrendered;

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and where paragraph (b) above applies only that proportion of the expenditure which corresponds to the proportion of the licensed area which has been surrendered is expenditure falling within subsection (1) above.

- (4) Subject to subsection (5) below, subsections (2) and (4) to (8) of section 5 of this Act apply for the purposes of this section as they apply for the purposes of that section.
- (5) In the application for the purposes of this section of the provisions of section 5 of this Act referred to in subsection (4) above,—
- (a) any reference in subsection (2) of section 5 to the purpose mentioned in subsection (1)(b) of that section shall be construed as a reference to any of the purposes specified in subsection (2) of this section;
  - (b) the reference in subsection (2)(a) of section 5 to subsection (1) of that section shall be construed as a reference to subsection (1) of this section; and
  - (c) the reference in subsection (6) of section 5 to a sum received does not include a reference—
    - (i) to a sum received from the disposal of oil won in the course of operations carried out for any of the purposes in paragraphs (a) to (c) of subsection (2) of this section; or
    - (ii) to a sum received for the assignment of any of the rights conferred by a licence or of any interest in a licensed area.
- (6) Expenditure is not allowable under this section in connection with an oil field if, or to the extent that, it has been allowed under Schedule 5, Schedule 6 or Schedule 7 to this Act in connection with any oil field.
- (7) For the purposes of subsection (1)(c) above, a development decision is made when—
- (a) consent for development is granted to a licensee by the Secretary of State in respect of the whole or part of an oil field; or
  - (b) a programme of development is served on a licensee or approved by the Secretary of State for the whole or part of an oil field;
- and subsections (4) and (5) of section 36 of the Finance Act 1983 (meaning of development etc.) apply in relation to this subsection as they apply in relation to subsections (2) and (3) of that section.
- (8) If, at the time when it is incurred, expenditure relates to an area—
- (a) which is not then an oil field, but
  - (b) in respect of which notice of a proposed determination has previously been given under paragraph 2(a) of Schedule 1 to this Act,
- that area shall be treated for the purposes of this section as having become an oil field at the time the notice was given unless, when the actual determination is made, the area is not included in an oil field.”

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1983, Part I.