

SCHEDULES

SCHEDULE 1

ALLOWABLE EXPENDITURE

PART II

SPECIAL RULES AS TO EXPENDITURE ALLOWABLE IN RESPECT OF FIXED ASSETS AND DEDICATED MOBILE ASSETS

Brought-in assets

- 7 (1) The provisions of this paragraph apply where—
- (a) the allowable expenditure is (in whole or in part) referable to the use of the new asset in connection with an oil field which is not an exempt field ; and
 - (b) the allowable expenditure was incurred at a time before the new asset was first used in connection with that oil field, discounting, in the case of a mobile asset, any use in a claim period when it was not dedicated to that oil field ; and
 - (c) during the period (in this paragraph referred to as "the initial period ") between the time when the new asset was acquired or brought into existence and that first use, the new asset was used otherwise than in connection with an oil field, by the purchaser or a person connected with him.
- (2) In any case where—
- (a) at some time during the initial period the new asset was used in a way which, disregarding section 10(2) of the principal Act (exempt gas), would be use in connection with an exempt field, and
 - (b) at the beginning of the initial period it was not reasonable to expect that the asset would be used in connection with an oil field,
- the amount which, apart from this sub-paragraph, would be the amount of the allowable expenditure in respect of the expected use referred to in sub-paragraph (1) (a) above, shall be reduced to nil.
- (3) In determining whether the condition in sub-paragraph (2)(b) above is fulfilled, no account shall be taken of use which, by virtue only of subsection (3) or subsection (5) of section 4 of this Act, is treated as use in connection with an exempt field.
- (4) In a case where sub-paragraph (2) above does not apply, the amount which, apart from this sub-paragraph, would be the amount of the allowable expenditure shall be reduced by multiplying it by the fraction of which—
- (a) the numerator is a reasonable estimate of so much of the useful life of the asset as remains after the date on which it was first used as mentioned in sub-paragraph (1)(b) above ; and
 - (b) the denominator is the aggregate of that reasonable estimate and the initial period.

Status: This is the original version (as it was originally enacted).

- (5) In this paragraph an " exempt field " means an oil field from which all the oil won is excluded oil, as defined in section 10(1) of the principal Act.