

SCHEDULES

SCHEDULE 1

ALLOWABLE EXPENDITURE

PART II

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

Subsequent use of new asset otherwise than in connection with an oil field

- 8 (1) Subject to sub-paragraph (3) below.—
- (a) if at any time the new asset ceases to be used by the purchaser in a way which either constitutes use in connection with an oilfield or would constitute such use but for section 10(2) of the principal Act (exempt gas), and
 - (b) thereafter, the new asset is or is expected to be used otherwise than in connection with an oil field and is not disposed of in circumstances giving rise to disposal receipts,
- the amount which, apart from this paragraph, would be the amount of the allowable expenditure shall be taken to be reduced by multiplying it by the fraction specified in sub-paragraph (2) below.
- (2) The fraction referred to in sub-paragraph (1) above is that of which—
- (a) the numerator is a reasonable estimate of the period beginning when the purchaser first used the asset in connection with an oil field or, if it was earlier, when the asset first gave rise to tariff receipts of the purchaser and ending when the asset is or is expected to be first used as mentioned in paragraph (b) of sub-paragraph (1) above after the cessation referred to in paragraph (a) of that sub-paragraph ; and
 - (b) the denominator is a reasonable estimate of the useful life of the asset or, where sub-paragraph (4) of paragraph 7 above applies, of so much of that useful life as falls after the date on which the asset was first used as mentioned in sub-paragraph (1)(a) of that paragraph.
- (3) If and so long as an asset gives rise to tariff receipts of the purchaser attributable to an oil field, the asset shall be treated, for the purposes of sub-paragraph (1) above, as if it were used by him in connection with an oil field.
- (4) If, in any case where the amount of any expenditure falls to be reduced under sub-paragraph (1) above, so much of the expenditure as has been previously allowed on a claim for any claim period exceeds the reduced allowable expenditure, an amount equal to the excess shall be treated (otherwise than for the purposes of paragraph (b) of that sub-paragraph) as disposal receipts of the purchaser arising from the asset in the chargeable period in which the asset ceased to be used as mentioned in paragraph (a) of that sub-paragraph.

Status: This is the original version (as it was originally enacted).

- (5) In the case of an asset which has been used in connection with two or more oil fields for which any of the purchaser's allowable expenditure is or has been allowed or allowable, the chargeable period referred to in sub-paragraph (4) above shall be determined in relation to that one of those fields—
- (a) in connection with which the asset was last used by the purchaser; or
 - (b) if it is later, in respect of which the asset last gave rise to tariff receipts of the purchaser;
- and the reference in that sub-paragraph to disposal receipts shall accordingly be construed as a reference to disposal receipts attributable to that field.
- (6) In any case where—
- (a) at a time before the new asset is brought into use by the purchaser in such a way as is mentioned in sub-paragraph (1)(a) above, it ceases to be expected to be used in such a way, and
 - (b) thereafter the new asset is or is expected to be used otherwise than in connection with an oil field and is not disposed of in circumstances giving rise to disposal receipts,
- the amount which, apart from this paragraph, would be the amount of the allowable expenditure shall be taken to be reduced to nil.
- (7) In any case where the amount of any expenditure falls to be reduced to nil under sub-paragraph (6) above, an amount equal to so much of the expenditure as has been previously allowed on a claim for any claim period shall be treated (otherwise than for the purposes of paragraph (b) of that sub-paragraph) as disposal receipts of the purchaser arising from the asset in the chargeable period in which the asset ceased to be expected to be used in such a way as is mentioned in sub-paragraph (1)(a) above.