



Finance Act 1991

1991 CHAPTER 31

PART III

OIL TAXATION

Abandonment etc.

108 Reimbursement by defaulter in respect of certain abandonment expenditure.

- (1) This section applies in any case where—
- (a) paragraph 2A of Schedule 5 to the principal Act (as set out in section 107 above) applies; and
 - (b) under sub-paragraph (4) of that paragraph the default payment falls, in whole or in part, to be attributed to the qualifying participator (as an addition to his share of the abandonment expenditure); and
 - (c) expenditure is incurred, or consideration in money's worth is given, by the defaulter in reimbursing the qualifying participator in respect of, or otherwise making good to him, the whole or any part of the default payment;
- and expressions used in this section have the same meaning as in the said paragraph 2A.
- (2) In the following provisions of this section “reimbursement expenditure means expenditure incurred as mentioned in subsection (1)(c) above or consideration (or, as the case may require, the value of consideration) given as so mentioned; and any reference to the incurring of reimbursement expenditure shall be construed accordingly.
- (3) Subject to subsection (5) below, in relation to the defaulter, reimbursement expenditure shall be treated for the purposes of the principal Act as if it were expenditure incurred by the defaulter for purposes falling within paragraph (i) of subsection (1) of section 3 of that Act.
- (4) Subject to subsection (5) below, in computing under section 2 of the principal Act the assessable profit or allowable loss accruing to the qualifying participator from the

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1991, Section 108. (See end of Document for details)

oil field concerned in any chargeable period, the positive amounts for the purposes of that section (as specified in subsection (3)(a) thereof) shall be taken to include any reimbursement expenditure received by the qualifying participator in that period.

- (5) In relation to a particular default payment, reimbursement expenditure incurred at any time—
- (a) shall be treated as mentioned in subsection (3) above, and
 - (b) shall be taken to be included as mentioned in subsection (4) above,
- only to the extent that, when aggregated with any reimbursement expenditure previously incurred in respect of that default payment, it does not exceed so much of the default payment as falls to be attributed to the qualifying participator as mentioned in subsection (1)(b) above.
- (6) A claim by the defaulter for the allowance of reimbursement expenditure by virtue of subsection (3) above shall be made under Schedule 6 to the principal Act (instead of under Schedule 5); and, for this purpose only, Schedule 6 to that Act shall have effect as if, in sub-paragraph (1) of paragraph 1, the words from “if the participator” onwards were omitted.
- (7) The incurring of reimbursement expenditure shall not be regarded, by virtue of paragraph 8 of Schedule 3 to the principal Act (certain subsidised expenditure to be disregarded), as the meeting of the expenditure of the qualifying participator in making the default payment.

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