



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 2

#### PLANT AND MACHINERY ALLOWANCES

### CHAPTER 13

#### PROVISIONS AFFECTING MINING AND OIL INDUSTRIES

##### *Oil production sharing contracts*

#### **170 Participator's expenditure attributable to plant or machinery**

- (1) This section applies if—
- (a) a person (“the relevant participator”) acquires an interest in the contract from—
    - (i) the contractor, or
    - (ii) another person who has acquired it (directly or indirectly) from the contractor, and
  - (b) some of the expenditure incurred by the relevant participator to acquire the interest in the contract is attributable to plant or machinery which—
    - (i) is treated by section 168 as owned by the contractor, or
    - (ii) is treated by section 169 or subsection (2) as owned by another person (“the other participator”).
- (2) The plant or machinery is to be treated for the purposes of this Part as owned by the relevant participator (and not by any other person) until—
- (a) it ceases to be owned by the government or representative, or
  - (b) it ceases to be used, or held for use, by any person under the contract.

This is subject to a later application of this subsection.

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**Changes to legislation:** There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 170. (See end of Document for details)

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- (3) The person who, until subsection (2) applies, is treated as owning the plant or machinery is to be treated for the purposes of this Part as if he had disposed of it for a consideration equal to the relevant participant's expenditure attributable to it.
- (4) The relevant participant is to be treated for the purposes of this Part as if—
  - (a) he had incurred capital expenditure of an amount given by subsection (5), and
  - (b) he owned the plant or machinery (in accordance with subsection (2)) as a result of having incurred that expenditure.
- (5) The amount of that expenditure is—
  - (a) the amount of the relevant participant's expenditure attributable to the plant or machinery, or
  - (b) if less, the disposal value to be brought into account by the contractor or the other participant as a result of subsection (3).
- (6) The expenditure attributable to plant or machinery for the purposes of this section is to be determined having regard to what is just and reasonable in the circumstances.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 170.