

*Status: Point in time view as at 11/05/2001.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2001, Paragraph 7. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 20

#### CAPITAL ALLOWANCES: OFFSHORE OIL INFRASTRUCTURE

##### PART 2

#### CHARGEABLE PERIODS ENDING ON OR AFTER 1ST OR 6TH APRIL 2001

*Ring fence trades: special allowance for pre-cessation expenditure*

- 7 (1) Section 164 of the Capital Allowances Act 2001 (c. 2) (abandonment expenditure incurred before cessation of ring fence trade) is amended as follows.
- (2) In subsection (1) (person carrying on ring-fence trade may elect for special allowance if he incurs abandonment expenditure), after “incurs abandonment expenditure,” insert. “ and the plant or machinery concerned has been brought into use for the purposes of that trade, ”
- (3) For paragraph (b) of subsection (3) (election must specify amounts received for remains of demolished plant or machinery) substitute—
- “(b) where the plant or machinery concerned has been or is to be demolished, any amounts received for its remains.”.
- (4) In subsection (4)(a) (entitlement to special allowance), the words “, of an amount equal to the net abandonment cost,” are omitted.
- (5) For paragraph (b) of subsection (4) (section 26(3) does not apply where election made) substitute—
- “(b) neither of sections 26(3) and 161C(2) (net cost of demolition where plant or machinery not replaced, or cost of preparing for reuse, added to existing pool) applies.”.
- (6) For subsection (5) (meaning of “net abandonment cost”) substitute—
- “(5) The amount of the special allowance for a chargeable period is equal to so much of the abandonment expenditure to which the election relates as is incurred in that period.
- (6) If plant or machinery is demolished, the total of any special allowances in respect of expenditure on decommissioning the plant or machinery is reduced by any amount received for the remains of the plant or machinery.
- Here “decommissioning” has the meaning given by section 163(4A).
- (7) Effect is given to subsection (6) by setting the amount (until wholly utilised)
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first, against any special allowance for the chargeable period in which the amount is received (as previously reduced in giving effect to subsection (6));

second, against special allowances for earlier chargeable periods (as so reduced and taking later such periods before earlier ones); and

third, against special allowances for later chargeable periods (as so reduced and taking earlier such periods before later ones).”

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