

Status: Point in time view as at 21/07/2009.

Changes to legislation: Finance Act 2009, Paragraph 3 is up to date with all changes known to be in force on or before 26 June 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

SCHEDULES

SCHEDULE 38

CAPITAL ALLOWANCES FOR OIL DECOMMISSIONING EXPENDITURE

- 3 (1) Section 164 (general decommissioning expenditure incurred before cessation of ring fence trade) is amended as follows.
- (2) For subsection (1) substitute—
- “(1) A person (“R”) carrying on a ring fence trade may elect to have a special allowance made to R for a chargeable period (the “relevant chargeable period”) if conditions A and B are met.
- (1A) Condition A is that one or more of these paragraphs applies—
- (a) R incurs general decommissioning expenditure in the relevant chargeable period in respect of decommissioning carried out in that period;
- (b) R incurs general decommissioning expenditure in the relevant chargeable period in respect of decommissioning carried out in a previous chargeable period;
- (c) R incurred general decommissioning expenditure in a previous chargeable period in respect of decommissioning that has not been carried out until the relevant chargeable period.
- (1B) Condition B is that the plant or machinery concerned has been brought into use for the purposes of the ring fence trade.”
- (3) In subsection (2)(a), for the words from “the chargeable period” to the end substitute “the relevant chargeable period, and”.
- (4) In subsection (3)—
- (a) in paragraph (a), omit the “and” at the end, and
- (b) after that paragraph insert—
- “(aa) the chargeable period in which the expenditure was incurred,
- (ab) the decommissioning to which the expenditure relates,
- (ac) the chargeable period in which the decommissioning was carried out, and”.
- (5) In subsection (4)(a), for the words from “the chargeable period” to the end substitute “the relevant chargeable period, and”.
- (6) In subsection (5), for the words from “a chargeable period” to the end substitute “the relevant chargeable period is equal to the amount of the general decommissioning expenditure to which the election relates.”
- (7) After that subsection insert—

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“(5A) But subsection (5) is subject to subsections (5B) and (6).

(5B) If an amount of general decommissioning expenditure to which the election relates is disproportionate to the relevant decommissioning carried out in the specified decommissioning period then, for the purposes of this section, the election is to be taken to specify only the allowable expenditure.

(5C) The application of subsection (5B) to an amount of general decommissioning expenditure does not prevent a person from making an election under this section for a subsequent chargeable period specifying the non-allowable expenditure.

(5D) In subsections (5B) and (5C)—

“allowable expenditure”, in relation to general decommissioning expenditure, means the amount of the expenditure that is proportionate to the relevant decommissioning carried out in the specified decommissioning period;

“non-allowable expenditure”, in relation to general decommissioning expenditure, means so much of that expenditure as is not allowable expenditure;

“relevant decommissioning”, in relation to general decommissioning expenditure, means the decommissioning to which the expenditure relates;

“specified decommissioning period”, in relation to relevant decommissioning, means the chargeable period specified in the election as the period in which the decommissioning was carried out;

“specified expenditure period”, in relation to general decommissioning expenditure, means the chargeable period specified in the election as the period in which the expenditure was incurred.”

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