



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

[^{F1}CHAPTER 6A

SUPPLEMENTARY CHARGE: INVESTMENT ALLOWANCE

[^{F1}Restrictions on relievable expenditure

Textual Amendments

- F1** Pt. 8 Ch. 6A inserted (with effect in accordance with Sch. 12 para. 5 7 8 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 12 para. 2](#)

332D Expenditure on acquisition of asset: disqualifying conditions

- (1) Investment expenditure incurred by a company (“the acquiring company”) on the acquisition of an asset [^{F2}(“the acquisition concerned”)] is not relievable expenditure for the purposes of section 332C if either of the disqualifying conditions in this section applies to the asset.
- (2) The first disqualifying condition is that investment expenditure incurred before the [^{F3}acquisition concerned,] by the acquiring company or another company, in acquiring, [^{F4}leasing,] bringing into existence or enhancing the value of the asset was relievable under section 332C.
- (3) The second disqualifying condition is that—
 - (a) the asset—
 - (i) is the whole or part of the equity in a qualifying oil field, or

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- (ii) is acquired in connection with a transfer to the acquiring company of the whole or part of the equity in a qualifying oil field,
 - (b) expenditure was incurred before the [^{F5}acquisition concerned,] by the acquiring company or another company, in acquiring, [^{F6}leasing,] bringing into existence or enhancing the value of the asset, and
 - (c) any of that expenditure—
 - (i) related to the qualifying oil field, and
 - (ii) would have been relievable under section 332C if this Chapter had been fully in force and had applied to expenditure incurred at that time.
- (4) For the purposes of subsection (3)(a)(ii) it does not matter whether the asset is acquired at the time of the transfer.
- [^{F7}(5) In subsection (3)(c) “this Chapter” means the provisions of this Chapter, and of any regulations made under this Chapter, as those provisions have effect at the time when the investment expenditure mentioned in subsection (1) is incurred.
- (6) Subsections (7) and (8) apply where investment expenditure mentioned in subsection (1) would, in the absence of this section, be relievable under section 332C by reason of section 332CA (treatment of expenditure incurred before field is determined).
- (7) Where this subsection applies—
- (a) subsection (2) is to be read as if after “was” there were inserted “, or has become, ”, and
 - (b) in determining for the purposes of subsection (2) or (3)(b) whether particular expenditure was incurred “before” the acquisition concerned—
 - (i) paragraph (b) of section 332CA(3) is to be ignored, and
 - (ii) accordingly, that expenditure is to be taken (for the purposes of determining whether it was incurred before the acquisition concerned) to have been incurred when it was actually incurred.
- (8) Where this subsection applies, in determining whether the second disqualifying condition applies to the asset—
- (a) the reference in subsection (3)(a)(i) to a qualifying oil field is to be read as including an area which, at the time of the acquisition concerned, had not been determined to be an oil field but which has subsequently become a qualifying oil field,
 - (b) the reference in subsection (3)(a)(ii) to a qualifying oil field is to be read as including an area which, at the time of the transfer, had not been determined to be an oil field but which has subsequently become a qualifying oil field,
 - (c) the reference in subsection (3)(c)(i) to “the qualifying oil field” is to be read accordingly, and
 - (d) the following sub-paragraph is to be treated as substituted for subsection (3)(c)(ii)—
 - “(ii) would have been relievable under section 332C if this Chapter had been fully in force and had applied to expenditure incurred at the time when that expenditure was actually incurred and the area in question had been a qualifying oil field at that time.”

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- (9) In subsection (8)(a) and (b) “determined” means determined under Schedule 1 to OTA 1975.
- (10) In this section any reference to expenditure which was incurred by a company in “leasing” an asset is to expenditure incurred by the company under an agreement under which the asset was leased to the company.]

Textual Amendments

- F2** Words in s. 332D(1) inserted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(2\)](#)
- F3** Words in s. 332D(2) substituted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(3\)\(a\)](#)
- F4** Word in s. 332D(2) inserted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(3\)\(b\)](#)
- F5** Words in s. 332D(3)(b) substituted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(4\)\(a\)](#)
- F6** Word in s. 332D(3)(b) inserted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(4\)\(b\)](#)
- F7** S. 332D(5)-(10) inserted (with effect in accordance with s. 59(6) of the amending Act) by [Finance Act 2016 \(c. 24\), s. 59\(5\)](#)

332DA Restriction where field qualified for field allowance as new field

- (1) This section applies to expenditure which—
- (a) is incurred by a company in relation to an oil field that was for the purposes of Chapter 7 a new oil field with an authorisation day before 1 January 2016,
 - (b) would in the absence of this section be relievable under section 332C, and
 - (c) is not excluded from this section by—
 - (i) subsection (5) (material completion),
 - (ii) subsection (7) (company without share of equity), or
 - (iii) subsection (8) (additionally-developed oil fields).

In the following provisions of this section, expenditure to which this section applies is referred to as “relevant expenditure”.

- (2) Relevant expenditure incurred by a company on any day (“the relevant day”) is not relievable expenditure for the purposes of section 332C except—
- (a) if immediately before the relevant day the cumulative total of relevant expenditure attributable to the company's share of the equity in the oil field (see subsection (3)) exceeds the relevant field threshold (see subsection (4)), or
 - (b) to the extent that, in a case not within paragraph (a), the amount of relevant expenditure incurred on the relevant day, when added to that cumulative total, exceeds the relevant field threshold.
- (3) The “cumulative total of relevant expenditure attributable to the company's share of the equity in the oil field” at any time is the total amount of relevant expenditure which is incurred by the company during the period beginning with the start date and ending with that time, but this is subject to sections 332IA(3) and 332IB(4) (which relate to the disposal and acquisition of equity in an oil field).

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In this subsection “the start date” means 1 April 2015 or, if later, the authorisation day (within the meaning of Chapter 7) for the field.

(4) The “relevant field threshold” is an amount given by the formula—

$$160\% \times F \times E$$

where—

F is the total field allowance for the oil field, as originally determined under section 356 for the purposes of Chapter 7;

E is the company's share of the equity in the oil field at the end of the relevant day.

(5) This section does not apply to expenditure which is incurred on or after the day determined by the [^{F8}relevant national authority] as that on which the relevant project was materially completed.

[^{F9}(5A) The relevant national authority” is—

- (a) where the relevant project relates to a field that is wholly within the Welsh onshore area (as defined in section 8A of the Petroleum Act 1998), the Welsh Ministers;
- (b) otherwise, the OGA.]

(6) “The relevant project” means—

- (a) in a case that fell within section 351(1)(a), the development described in the field development plan for the field, and
- (b) in a case that fell within section 351(1)(b) or (c), the programme of development for the field.

(7) This section does not apply to expenditure incurred by a company if—

- (a) at the time when the expenditure is incurred, the company is not a licensee in the oil field, and
- (b) the expenditure is incurred in making an asset available in a way which gives rise to tariff receipts (as defined by section 15(3) of the Oil Taxation Act 1983) or tax-exempt tariffing receipts (as defined by section 6A(2) of that Act).

(8) This section does not apply to expenditure to which section 332DB applies.

Textual Amendments

F8 Words in s. 332DA(5) substituted (1.10.2018) by [Wales Act 2017 \(c. 4\), s. 71\(4\), Sch. 6 para. 25\(2\)](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179, reg. 4\(b\)](#)

F9 [S. 332DA\(5A\)](#) inserted (1.10.2018) by [Wales Act 2017 \(c. 4\), s. 71\(4\), Sch. 6 para. 25\(3\)](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179, reg. 4\(b\)](#)

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332DB Restriction where project in additionally-developed field qualified for field allowance

- (1) This section applies to expenditure which—
- (a) is incurred by a company in relation to a project by reference to which an oil field was immediately before 1 April 2015 an additionally-developed oil field for the purposes of Chapter 7,
 - (b) would in the absence of this section be relievable under section 332C, and
 - (c) is not excluded from this section by subsection (5) (material completion) or subsection (6) (company without share of project-related reserves).

In the following provisions of this section, expenditure to which this section applies is referred to as “relevant expenditure”.

- (2) Relevant expenditure incurred by a company in relation to a project on any day (“the relevant day”) is not relievable expenditure for the purposes of section 332C except—
- (a) if immediately before the relevant day the cumulative total of relevant expenditure attributable to the company's share of project-related reserves (see subsection (3)) exceeds the relevant project threshold (see subsection (4)), or
 - (b) to the extent that, in a case not within paragraph (a), the amount of relevant expenditure incurred on the relevant day, when added to that cumulative total, exceeds the relevant project threshold.
- (3) The “cumulative total of relevant expenditure attributable to the company's share of project-related reserves” at any time is the total amount of relevant expenditure which is incurred by the company during the period beginning with 1 April 2015 and ending with that time, but this is subject to sections 332IA(5) and 332IB(6) (which relate to the disposal and acquisition of shares in project-related reserves).
- (4) The “relevant project threshold” is an amount given by the formula—

$$160\% \times F \times E$$

where—

F is the total field allowance for the oil field in relation to the project, as originally determined under section 356A for the purposes of Chapter 7;

E is the company's share of project-related reserves at the end of the relevant day.

- (5) This section does not apply to expenditure which is incurred on or after the day determined by the [F10OGA] as that on which the project was materially completed.
- (6) This section does not apply to expenditure incurred by a company if—
- (a) the company does not, at the time when the expenditure is incurred, hold a share of project-related reserves, and

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- (b) the expenditure is incurred in making an asset available in a way which gives rise to tariff receipts (as defined by section 15(3) of the Oil Taxation Act 1983) or tax-exempt tariffing receipts (as defined by section 6A(2) of that Act).
- (7) In this section “project-related reserves”, in relation to a project and an oil field, means the additional reserves of oil that the oil field has as a result of the project.

Textual Amendments

F10 Word in s. 332DB(5) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **15(4)**

332DC Restriction relating to fields qualifying for onshore allowance

- (1) This section applies to investment expenditure which is incurred—
- (a) for the purposes of onshore oil-related activities in respect of an oil field which is a qualifying site within the meaning of section 356C (generation of onshore allowance), and
 - (b) on a day at the beginning of which neither of the disqualifying conditions in section 356CA (disqualifying conditions for section 356C(4)(b)) is met.
- (2) Expenditure to which this section applies is not relievable expenditure for the purposes of section 332C.
- (3) In this section “onshore oil-related activities” has the same meaning as in Chapter 8 (see section 356BA).]

Changes to legislation:

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