
Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983,
Cross Heading: Restriction of relief for remote associated assets. (See end of Document for details)

SCHEDULES

SCHEDULE 1

ALLOWABLE EXPENDITURE

Modifications etc. (not altering text)

- C1** Sch. 1 modified by 1975 c. 22, Sch. 4 para. 2(1)(b) (as inserted (with effect where the transaction to which 1975 c. 22, Sch. 4 para. 2 applies takes place on or after 16.3.1993) by 1993 c. 34, s. 191(4)(6))

PART I

EXTENSIONS OF ALLOWABLE EXPENDITURE FOR ASSETS GENERATING RECEIPTS

Restriction of relief for remote associated assets

- 2 (1) The provisions of this paragraph apply where some part of the associated asset is situated more than 100 metres from the nearest part of another asset—
- (a) in association with which the associated asset is or is expected to be used; and
 - (b) which is, has been or is expected to be used in a way which, otherwise than by virtue of paragraph 1 above, constitutes use in connection with the principal field;
- and sub-paragraphs (3) and (4) of paragraph 1 above have effect for the purposes of this sub-paragraph as they have effect for the purposes of that paragraph.
- (2) In sub-paragraph (1) above,—
- (a) “the associated asset” has the meaning assigned to it by sub-paragraph (1) of paragraph 1 above;
 - (b) “the principal field” has the same meaning as in that paragraph;
- and where the associated asset falls within sub-paragraph (1) above it is in the following provisions of this paragraph referred to as “the remote asset”.
- (3) For the purpose of determining, in accordance with subsection (8) of section 2 of the principal Act, the amount to be debited or credited to a participator for a chargeable period in respect of expenditure, where any expenditure which is or was incurred by the participator in respect of the remote asset—
- (a) is expenditure to which section 3 of this Act or section 3 of the principal Act applies by virtue only of paragraph 1 above, and
 - (b) has been allowed on a claim under Schedule 5 or Schedule 6 to the principal Act before the Board have made an assessment to tax or a determination on or in relation to the participator for a chargeable period earlier than that referred to in sub-paragraph (5) below,
- the expenditure shall be treated for the purposes of paragraph (b) or paragraph (c) of subsection (9) of the said section 2 as having been allowed immediately before

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the Board made an assessment to tax or a determination on or in relation to the participator for the period specified in sub-paragraph (5) below and not at any earlier time.

- (4) In determining under subsection (4) of section 111 of the ^{M1}Finance Act 1981 (restriction of expenditure supplement) whether, if account were to be taken of certain expenditure, a net profit would not have accrued to a participator in a chargeable period, expenditure which—

- (a) is or was incurred by the participator in respect of the remote asset, and
- (b) is expenditure to which section 3 of this Act or section 3 of the principal Act applies by virtue only of paragraph 1 above,

shall be disregarded unless the chargeable period in question is, or is later than, the period specified in sub-paragraph (5) below.

- (5) The chargeable period referred to in sub-paragraphs (3) and (4) above is the first in which either—

- (a) by virtue of section 6(1) of this Act, the positive amounts for the purposes of section 2 of the principal Act include (after taking account of any reduction under section 9 of this Act) an amount of tariff receipts derived, in whole or in part, from the remote asset; or
- (b) by virtue of section 7(1) of this Act, the positive amounts for the purposes of section 2 of the principal Act include an amount of disposal receipts in respect of the disposal of, or of an interest in, that asset.

- (6) For any chargeable period in which expenditure incurred by a participator in respect of the remote asset falls to be brought into account under paragraph (b) or paragraph (c) of subsection (9) of section 2 of the principal Act the amount of that expenditure which is to be so brought into account shall not exceed the aggregate of—

- (a) the amount of the tariff receipts (if any) which are derived in whole or in part, from the remote asset, and
- (b) the amount of the disposal receipts (if any) in respect of the disposal of, or of an interest in, the remote asset,

which (after taking account of any reduction under section 9 of this Act) are included in the positive amounts for that chargeable period for the purposes of that section.

- (7) In any case where—

- (a) for any chargeable period the positive amounts for the purposes of section 2 of this Act include an amount (in this sub-paragraph referred to as “the reduced amount”) which represents an amount of qualifying tariff receipts which were received from one user field and which have been reduced by virtue of section 9 of this Act, and
- (b) those qualifying tariff receipts include tariff receipts which are derived, in whole or in part, from the remote asset as well as other tariff receipts,

the portion of the reduced amount which is to be regarded for the purpose of the preceding provisions of this paragraph as tariff receipts derived, in whole or in part, from the remote asset shall bear to the whole of the reduced amount the same proportion as, before the reduction, the tariff receipts so derived bore to the whole of the qualifying tariff receipts in question.

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- (8) For the purpose of the preceding provisions of this paragraph a tariff receipt is derived, in whole or in part, from the remote asset if it consists of or includes consideration in respect of—
- (a) the use of the remote asset; or
 - (b) the provision of services or other business facilities of whatever kind in connection with the use of that asset;
- and subsection (6) of section 9 of this Act shall have effect for the purposes of subparagraph (7) above as it has effect for the purposes of that section.

Marginal Citations

M1 1981 c. 35.

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