



Oil Taxation Act 1983

1983 CHAPTER 56

Reliefs for expenditure

2 Dedicated mobile assets.

- (1) For the purposes of this Act and Part I of the principal Act a mobile asset becomes dedicated to a particular oil field in a claim period if—
 - (a) the asset is used in connection with that field during the whole or part of that claim period; and
 - (b) the asset was not, at the beginning of that period, already dedicated to that field; and
 - (c) at the end of that period it is reasonable to make the assumptions in subsection (2) below.
- (2) The assumptions referred to in paragraph (c) of subsection (1) above are—
 - (a) that during the whole or substantially the whole of the relevant period, the asset will be used in connection with the field referred to in that subsection (whether or not that use will be exclusive to that field); and
 - (b) that the main use of the asset during the whole of the relevant period will be in connection with that field or with two or more oil fields of which that field is one.
- (3) In any case where—
 - (a) at or before the time when he is a participator in an oil field, a person incurs expenditure in bringing into existence a mobile asset, and
 - (b) that expenditure is so incurred in a claim period for that field which is earlier than that in which the asset is first used by that person in connection with that field, and
 - (c) at the end of that claim period, it is reasonable to make the assumptions in subsection (2) above, and
 - (d) the circumstances are such that the asset is not a brought-in asset, as defined in section 4(12)(a) of the principal Act,

Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 2. (See end of Document for details)

then, as respects any claim for the allowance of the expenditure referred to in paragraph (a) above which is made before the asset is first used as mentioned in paragraph (b) above, the asset shall be regarded for the purposes of this Act and Part I of the principal Act as becoming dedicated to the oil field in question in the claim period referred to in paragraphs (b) and (c) above.

- (4) In subsection (2) above “the relevant period” means the period beginning at the end of the claim period referred to in subsection (1) above or, where subsection (3) above applies, at the end of the claim period in which it can reasonably be expected that the asset will be first used, and ending—
- (a) at the end of the useful life of the asset, or
 - (b) when the winning of oil from the field in question permanently ceases,
- whichever first occurs.
- (5) If, in the case of a mobile asset which would not be dedicated to a particular oil field but for the provisions of subsection (3) above, it becomes apparent at any time that it is no longer reasonable to make the assumptions in subsection (2) above, then the asset concerned shall be regarded for the purposes of this Act and Part I of the principal Act as never having been dedicated to that field; and the provisions of paragraph 9 of Schedule 5 to the principal Act (variations of decisions on claims for allowable expenditure) shall have effect accordingly.

Modifications etc. (not altering text)

C1 S. 2 modified (27.7.1993) by [1993 c. 34, s. 190\(2\)](#)

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