



Oil Taxation Act 1983

1983 CHAPTER 56

Reliefs for expenditure

4 Expenditure related to exempt gas and deballasting.

(1) In any case where expenditure falls within section 3(1) above, but by reason of section 10(2) of the principal Act (exempt gas) some of the use (or expected use) of the asset is not use in connection with an oil field, such part of that expenditure as it is just and reasonable to apportion to that use (or expected use) shall be excluded from the expenditure which is allowable as mentioned in section 3(4) above.

(2) In any case where expenditure—

- (a) falls within section 3(1) above, or
- (b) by virtue of any provision of Part I of Schedule 1 to this Act, falls within section 3 of the principal Act,

but some of the use (or expected use) of the asset is use for deballasting, such part of that expenditure as it is just and reasonable to apportion to that use (or expected use) shall be excluded from the expenditure which is allowable as mentioned in section 3(4) above or, as the case may be, from the expenditure which is allowable under section 3 of the principal Act.

(3) In any case where—

- (a) expenditure does not fall within section 3(1) above or section 3 of the principal Act by reason only of section 10(2) of that Act (exempt gas), but
- (b) the asset in relation to which the expenditure was incurred is or is expected to be used in a way which gives rise to tariff receipts,

then, so far as relates to so much of that expenditure as it is just and reasonable to apportion to the use referred to in paragraph (b) above, that use of the asset shall be treated for the purposes of section 3 above, Schedule 1 to this Act and section 3 of the principal Act as use in connection with the field from which the excluded oil, within the meaning of section 10 of that Act, is won.

Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 4. (See end of Document for details)

- (4) References in subsection (3) above to the use of an asset (other than the final reference to use in connection with a field) include references to the provision, in connection with the use of the asset, of services or other business facilities of any kind.
- (5) In any case where—
- (a) expenditure is incurred in enhancing the value of an asset with a view to the subsequent disposal of it or of an interest in it, and
 - (b) by reason only of section 10(2) of the principal Act (exempt gas), the expenditure does not fall within section 3(1) above or section 3 of that Act, and
 - (c) the subsequent disposal of, or of an interest in, the asset gives or is expected to give rise to disposal receipts,

then, such part of the use of the asset as it is just and reasonable to apportion to the expenditure referred to in paragraph (a) above shall be treated for the purposes of section 3 above, Schedule 1 to this Act and section 3 of the principal Act as use in connection with the field from which the excluded oil, within the meaning of section 10 of that Act, is won.

[^{F1}(6) But where—

- (a) expenditure would (apart from this subsection) fall within paragraph (a) of subsection (5) above, and
- (b) the asset has, at any time in the period of 6 years ending with the date on which the expenditure was incurred, been used in a way that gives rise to tax-exempt tariffing receipts,

the expenditure shall not be regarded for the purposes of that subsection as expenditure incurred in enhancing the value of the asset with a view to the subsequent disposal of the asset, or of an interest in it, to the extent that the amount of the expenditure falls to be reduced in accordance with subsection (7) below.

- (7) The reduction is to be made by applying section 7A below in relation to the expenditure as it applies in relation to disposal receipts in respect of a disposal, but with the substitution—
- (a) for references to the disponent, of references to the person incurring the expenditure (“the relevant participator”),
 - (b) for references to the amount or value (apart from that section) of any disposal receipts of the disponent in respect of the disposal, of references to the amount which would, apart from subsection (6) above, be the amount of the expenditure incurred by the relevant participator with a view to the subsequent disposal of the asset or of an interest in it,
 - (c) for references to the interest disposed of, of references to the asset or interest whose subsequent disposal gives or is expected to give rise to disposal receipts,
 - (d) for references to the date of the disposal, of references to the date on which the expenditure was incurred,

and taking the reference in subsection (6)(b) of that section to a reduction made by virtue of that section as a reference to a reduction made by virtue of that section for the purposes of section 7(9) of this Act.]

Textual Amendments

- F1** S. 4(6)(7) inserted (with effect in accordance with s. 285(6)(b) of the commencing Act) by [Finance Act 2004 \(c. 12\)](#), [Sch. 37 para. 4\(2\)](#) (with [Sch. 37 Pt. 2](#))

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for the Oil Taxation Act 1983, Section 4. (See end of Document for details)*

Modifications etc. (not altering text)

- C1** S. 4 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, **ss. 191(4)(6)**)

Changes to legislation:

There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 4.