



Oil Taxation Act 1983

1983 CHAPTER 56

Reliefs for expenditure

5 Miscellaneous amendments relating to reliefs.

- (1) In section 3 of the principal Act (allowance of expenditure otherwise than on long-term assets etc.)—
 - (a) in subsection (1) after the words “to the extent” and in subsection (6) after the word “shall” there shall in each case be inserted the words “subject to subsection (7) below”; and
 - (b) at the beginning of subsection (5) there shall be inserted the words “Subject to subsection (5A) below”.
- (2) After subsection (5) of that section there shall be inserted the following subsection:—

“(5A) Where expenditure incurred in relation to an asset is incurred—

 - (a) in part for one of the purposes specified in subsection (5) above (or for what would be one of those purposes if section 10(2) below were disregarded), and
 - (b) in part for the purpose of enabling the asset to be used in a way giving rise to tariff receipts within the meaning of the Oil Taxation Act 1983, then, to the extent that the expenditure is incurred for the purpose mentioned in paragraph (b) above, it shall be treated for the purposes of this Part of this Act as incurred for one of the purposes specified in subsection (5) above.”
- (3) At the end of section 3 of the principal Act there shall be added the following subsections:—

“(7) In any case where—

 - (a) expenditure which is incurred by any person as mentioned in subsection (6) above is so incurred in connection with a long-term asset, and
 - (b) the long-term asset gives rise to receipts which, for the purpose of the Oil Taxation Act 1983, are tariff receipts of that person attributable to the field for which any of that expenditure is so allowable,

Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 5. (See end of Document for details)

then, so far as relates to that field, in making in accordance with subsection (6) above any apportionment for the purposes of either or both of subsections (1) and (5) above, the whole of the relevant expenditure shall be apportioned to one or more of the purposes mentioned in that subsection or, as the case may be, those subsections.

(8) In subsection (7) above—

- (a) “long-term asset” means an asset whose useful life continues after the end of the claim period for which a claim is first made for an allowance in respect of expenditure incurred in connection with the asset; and
- (b) “relevant expenditure” means that portion of the expenditure in connection with the asset which is reasonably attributable to the use of the asset which gives rise to the receipts referred to in subsection (7) (b) above.”

(4) Paragraph 1 of Schedule 4 to the principal Act (expenditure not allowable under section 3 or section 4 of that Act if relief already allowable for another person) does not apply to any expenditure which—

- (a) consists of a payment made to a participator or a person connected with him; and
- (b) constitutes a tariff receipt or disposal receipt of the participator.

(5) Subsections (1) to (4) above apply with respect to expenditure which is or was incurred after 30th June 1982.

(6) In relation to expenditure incurred in the acquisition of an asset on or after 1st April 1983, paragraph 2 of Schedule 4 to the principal Act shall have effect subject to the following modifications—

- (a) in sub-paragraph (1), the words from “by another person” to “that asset” shall be omitted and at the end there shall be added the words “in acquiring, bringing into existence or enhancing the value of that asset”; and
- (b) for sub-paragraph (3) of that paragraph there shall be substituted the following sub-paragraph:—

“(3) The preceding provisions of this paragraph have effect (with any necessary modifications) in relation to expenditure incurred by a person in respect of—

- (a) the use of an asset, or
- (b) the provision of services or other business facilities of whatever kind in connection with the use, otherwise than by that person, of an asset,

as they have effect in relation to expenditure incurred in the acquisition of, or of an interest in, an asset.”

(7) Notwithstanding anything in section 3(6) above, any reference to section 4 of the principal Act in—

- (a) paragraph 4 of Schedule 4 to that Act (disposal of certain long-term assets), or
- (b) paragraph 2(5) or paragraph 4 of Schedule 5 to that Act (claims and appeals relating to allowance of expenditure),

does not include a reference to sections 3 and 4 above or Schedule 1 to this Act.

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for the Oil Taxation Act 1983, Section 5. (See end of Document for details)*

- (8) Paragraph 5 of Schedule 4 to the principal Act (treatment of payments for hire of assets) shall not apply in any case where the payments are or were received after 30th June 1982 (whenever the expenditure was incurred).

Changes to legislation:

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