
Changes to legislation: There are currently no known outstanding effects for the Finance Act 1987, SCHEDULE 14. (See end of Document for details)

SCHEDULES

SCHEDULE 14

Section 65.

CROSS-FIELD ALLOWANCE

PART I

ELECTIONS

General

- 1 (1) An election shall be made in such form as may be prescribed by the Board.
- (2) Without prejudice to sub-paragraph (1) above, an election shall specify—
- (a) the expenditure in respect of which it is made and the amount of that expenditure (in this Part of this Schedule referred to as “the elected amount”), which shall not exceed 10 per cent., which is to be allowable under the principal section;
 - (b) the field of origin and the receiving field;
 - (c) the notice, agreement or determination which, under paragraph 2 below, determines the earliest date on which the election could be made;
 - (d) in a case where the elected amount is to be allowable in respect of more than one receiving field, the proportions in which that amount is to be apportioned between those fields; and
 - (e) in the case of expenditure incurred by a company which is an associated company of the participator for the purposes of the principal section, the name of that company.
- (3) An election shall be irrevocable.

Earliest date for an election

- 2 (1) No election may be made in respect of an amount of expenditure until a final decision as to supplement has been made on a claim in respect of that amount under Schedule 5 or Schedule 6 to the principal Act.
- (2) For the purposes of this paragraph, a final decision as to supplement is made in relation to an amount of expenditure when—
- (a) the Board give to the responsible person or, as the case may be, the participator notice under paragraph 3 of Schedule 5 to the principal Act stating that amount of expenditure as an amount qualifying for supplement; or
 - (b) after notice of appeal has been given against a decision on a claim, an agreement is made as mentioned in sub-paragraph (1) of paragraph 6 of Schedule 5 to the principal Act and that amount of expenditure is, for the

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- purposes of that sub-paragraph, the appropriate amount of the expenditure claimed as qualifying for supplement; or
- (c) on an appeal against a decision on a claim, there is a determination by the [F1tribunal] or the court by virtue of which that amount of expenditure falls (under paragraph 7(2) or paragraph 8(2) of Schedule 5 to the principal Act) to be treated for the purposes of Part I of that Act as qualifying for supplement.
- (3) Nothing in Schedule 5 to the principal Act relating to the date on which an amount of expenditure is to be treated as having been allowed as qualifying for supplement applies for the purposes of sub-paragraph (2) above.

Textual Amendments

- F1** Word in [Sch. 14 para. 2\(2\)\(c\)](#) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), [Sch. 1 para. 131](#)

Latest date for election

- 3 (1) Subject to sub-paragraph (2) below, an election by a participator in respect of a particular amount of expenditure may be made at any time before—
- (a) the Board make, for a chargeable period of the field of origin, an assessment or determination which takes account of that amount of expenditure as qualifying for supplement; and
- (b) notice of that assessment or determination is given to the participator or, as the case may be, the associated company, under paragraph 10 of Schedule 2 to the principal Act.
- (2) Where the earliest date for the making of an election in respect of a particular amount of expenditure is a date determined under paragraph 2(2)(b) or paragraph 2(2)(c) above, such an election may be made at any time before notice is given as mentioned in sub-paragraph (1)(b) above or, if it is later, before the expiry of the period of thirty days beginning on the day following that earliest date.

Two or more elections relating to same expenditure

- 4 Where more than one election is made in respect of the same amount of expenditure—
- (a) the maximum of 10 per cent
- specified in paragraph 1(2)(a) above shall be cumulative; and
- (b) if the elected amount specified in a second or subsequent election is such that, when aggregated with the elected amount or amounts specified in the earlier election or elections, it would exceed 10 per cent., that second or subsequent election shall have effect as if it specified such an elected amount as would, when so aggregated, be equal to 10 per cent. of the expenditure concerned; and
- (c) an election shall be of no effect if it is made after one or more earlier elections have specified (or been treated by paragraph (b) above as having specified) an elected amount or an aggregate of elected amounts equal to 10 per cent.

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PART II

EFFECT ON RECEIVING FIELD

- 5 (1) In relation to an election, the assessment to tax or determination referred to in subsection (4)(a) of the principal section is that which is first made after the relevant date on or in relation to the participator by whom the election is made.
- (2) Subject to paragraphs 6 and 7 below, the relevant date for the purposes of sub-paragraph (1) above is the date of the election.
- 6 In any case where—
- (a) an election is made in the period of thirty days beginning on the day following that on which the Board give notice under paragraph 3 of Schedule 5 to the principal Act stating the expenditure in respect of which the election is made as expenditure qualifying for supplement, and
 - (b) after the date of that notice but on or before the date of the election, an assessment to tax or determination for the receiving field is made on or in relation to the participator making the election,
- the relevant date for the purposes of paragraph 5(1) above is the date of the notice referred to in paragraph (a) above; and the assessment or determination referred to in paragraph (b) above shall be amended accordingly.
- 7 In any case where, following the giving of a notice of appeal, an election is made in respect of expenditure which (under paragraph 6(1), paragraph 7(2) or paragraph 8(2) of Schedule 5 to the principal Act) is treated for the purposes of Part I of that Act as having been allowed as qualifying for supplement on the date on which the notice of appeal was given, the relevant date for the purposes of paragraph 5(1) above is the date on which that notice was given; and in any assessment to tax or determination (relating to the field of origin or the receiving field) all such adjustments or further adjustments shall be made as are necessary in consequence of the election.

PART III

RELEVANT NEW FIELDS AND ASSOCIATED COMPANIES

Relevant new fields

- 8 (1) For the purposes of the principal section “relevant new fields” means, subject to sub-paragraph (2) below, an oil field—
- (a) no part of which lies in a landward area, within the meaning of the ^{M1}Petroleum (Production) Regulations 1982 or in an area to the East of the United Kingdom and between latitudes 52° and 55° North; and
 - (b) for no part of which consent for development has been granted to the licensee by the Secretary of State before 17th March 1987; and (c) for no part of which a programme of development had been served on the licensee or approved by the Secretary of State before that date.
- (2) In determining, in accordance with sub-paragraph (1) above, whether an oil field (in this sub-paragraph referred to as “the new field”) is a relevant new field, no account shall be taken of a consent for development granted before 17th March 1987 or a

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programme of development served on the licensee or approved by the Secretary of State before that date if—

- (a) in whole or part that consent or programme related to another oil field for which a determination under Schedule 1 to the principal Act was made before the determination under that Schedule for the new field; and
- (b) on or after 17th March 1987 a consent for development is or was granted or a programme of development is or was served on the licensee or approved by the [F²OGA] and that consent or programme relates, in whole or in part, to the new field.

Textual Amendments

F2 Word in [Sch. 14 para. 8\(2\)\(b\)](#) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **9(3)**

Marginal Citations

M1 [S.I. 1982/1000](#).

- 9 (1) In paragraph 8 above “development” means—
- (a) the erection or carrying out of permanent works for the purpose of getting oil from the field or for the purpose of conveying oil won from the field to a place on land; or
 - (b) winning oil from the field otherwise than in the course of searching for oil or drilling wells;
- and consent for development does not include consent which is limited to the purpose of testing the characteristics of an oil-bearing area and does not relate to the erection or carrying out of permanent works.
- (2) In sub-paragraph (1) above “permanent works” means any structures or other works whatsoever which are intended by the licensee to be permanent and are neither designed to be moved from place to place without major dismantling nor intended by the licensee to be used only for searching for oil.

Associated companies

- 10 (1) For the purposes of the principal section, a company is an associated company of a participator (being itself a company) making an election under that section if—
- (a) throughout that part of the relevant period in which both were in existence one was a 51 per cent. subsidiary of the other and the other was not a 51 per cent. subsidiary of any company; or
 - (b) each of them was, throughout that part of the relevant period in which it was in existence, a 51 per cent. subsidiary of a third company which was not itself a 51 per cent. subsidiary of any company.
- (2) In this paragraph “company” means any body corporate and [F³Chapter 3 of Part 24 of the Corporation Tax Act 2010] (subsidiaries) applies for the purposes of this paragraph.
- (3) For the purposes of this paragraph the relevant periods ends on the date on which the election in question is made and begins—

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- (a) in the case of an election relating to expenditure incurred in the first claim period of the field of origin, on the date on which any part of that field was first determined under Schedule 1 to the principal Act; and
- (b) in the case of an election relating to expenditure incurred in any other claim period of the field of origin, at the beginning of that claim period.

Textual Amendments

- F3** Words in [Sch. 14 para. 10\(2\)](#) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 205](#) (with [Sch. 2](#))

PART IV

SUPPLEMENTAL AND CONSEQUENTIAL PROVISIONS

Notice of variation reducing expenditure qualifying for supplement

- 11 (1) This paragraph applies in any case where—
- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin; and
 - (b) one or more elections is made in respect of that expenditure; and
 - (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act; and
 - (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the Principal Act as having been reduced.
- (2) In sub-paragraph (3) below—
- (a) “the original expenditure” means the amount of expenditure referred to in sub-paragraph (1)(a) above, disregarding the effect of the notice of variation;
 - (b) “the reduced expenditure” means the amount of expenditure after the notice of variation became effective for the purposes of paragraph 9 of Schedule 5 to the principal Act; and
 - (c) “the expenditure originally allowable” means the amount of the original expenditure which, having regard to the election or elections in respect of that expenditure but disregarding the effect of the notice of variation, was allowable in accordance with the principal section.
- (3) If the expenditure originally allowable exceeds 10 per cent. of the reduced expenditure, the principal section shall have effect as if the election or elections had specified an amount of that expenditure equal (or equal in the aggregate) to 10 per cent. of the reduced expenditure and, where there was more than one election, paragraph 4 above shall be taken to have applied accordingly.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

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Elections following variation increasing expenditure qualifying for supplement

- 12 (1) In any case where—
- (a) an amount of expenditure is allowed as qualifying for supplement as regards the field of origin, and
 - (b) one or more elections is made in respect of that expenditure, and
 - (c) a notice of variation is served under paragraph 9 of Schedule 5 to the principal Act, and
 - (d) on that notice of variation becoming effective for the purposes of the said paragraph 9, the amount of the expenditure referred to in paragraph (a) above is taken for the purposes of Part I of the principal Act as having been increased,
- an election may be made in respect of the amount of the increase as if it were a separate amount of expenditure.
- (2) In the circumstances referred to in sub-paragraph (1) above an election may be made by the participator in question at any time before—
- (a) notice is given to the participator or, as the case may be, the associated company of the making of that assessment or determination or that amendment of an assessment or determination which takes account of the increase resulting from the notice of variation; or
 - (b) if it is later, the expiry of the period of thirty days beginning on the date on which the notice of variation becomes effective for the purposes of paragraph 9 of Schedule 5 to the principal Act.
- (3) Where an election is made by a participator in the circumstances referred to in sub-paragraph (1) above—
- (a) paragraph 1(2)(c) above shall have effect as if it referred to the notice of variation;
 - (b) subsection (4)(a) of the principal section shall not apply; and
 - (c) the expenditure allowable as a result of the election shall be taken into account in the first assessment to tax or determination relating to a chargeable period of the receiving field which is made on or in relation to the participator after the date of the decision to which the notice of variation relates.
- (4) Such amendments of assessments to tax or determinations (relating to the field of origin or the receiving field) shall be made as may be necessary in consequence of the preceding provisions of this paragraph.

Limit on amount of tax payable in respect of receiving field

- 13 (1) Where an election has been made by a participator, this paragraph has effect with respect to the determination under section 9 of the principal Act (limit on amount of tax payable) of the adjusted profit of the participator in respect of the receiving field.
- (2) For the chargeable period in which the amount of expenditure allowable by virtue of the election is taken into account as mentioned in subsection (4) of the principal section, that amount shall also be taken into account as if it were an addition to the total amount mentioned in section 9(2)(a)(ii) of the principal Act.

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