



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 13

PROVISIONS AFFECTING MINING AND OIL INDUSTRIES

Oil production sharing contracts

168 Expenditure on plant or machinery incurred by contractor

- (1) This section applies if—
- (a) the contractor incurs capital expenditure on the provision of plant or machinery of a description specified in the contract,
 - (b) the plant or machinery is to have an oil-related use under the contract, for the purposes of a trade of oil extraction carried on by the contractor,
 - (c) the amount of the expenditure is commensurate with the value of the contractor's interest under the contract, and
 - (d) the plant or machinery is transferred to the government or representative in accordance with the contract.
- (2) Despite the transfer, the plant or machinery is to be treated for the purposes of this Part as owned by the contractor (and not by any other person) until—
- (a) it ceases to be owned by the government or representative, or
 - (b) it ceases to be used, or held for use, by any person under the contract.

This is subject to section 170(2).