

## SCHEDULES

### SCHEDULE 20

#### CAPITAL ALLOWANCES: OFFSHORE OIL INFRASTRUCTURE

##### PART 1

##### CHARGEABLE PERIODS ENDING BEFORE 1ST OR 6TH APRIL 2001

##### *Ring fence trades: special allowance for pre-cessation abandonment expenditure*

- 2 (1) Section 62A of the Capital Allowances Act 1990 (c. 1) (special allowance for costs of demolition of offshore machinery or plant) is amended as follows.
- (2) In subsection (1) (section applies to expenditure that would otherwise fall within section 62(1)(b)), after “section 62(1)(b)” insert “or 62AA(3)”.
- (3) In subsection (1)(c)—
- (a) for “the demolition of” substitute “decommissioning”; and
  - (b) after “which is or forms part of” insert “, or when last in use for the purposes of the trade was or formed part of”.
- (4) In subsection (3)(a), for “demolition” (in both places) substitute “decommissioning”.
- (5) After subsection (3) insert—
- “(3A) In this section “decommissioning”, in relation to any machinery or plant, means—
- (a) demolishing the machinery or plant,
  - (b) preserving the machinery or plant pending its reuse or demolition,
  - (c) preparing the machinery or plant for reuse, or
  - (d) arranging for the reuse of the machinery or plant.
- (3B) For the purposes of this section—
- (a) in determining whether expenditure is incurred on preserving machinery or plant pending its reuse or demolition, it is immaterial whether the machinery or plant is reused, is demolished or is partly reused and partly demolished; and
  - (b) in determining whether expenditure is incurred on preparing machinery or plant for reuse, or on arranging for the reuse of machinery or plant, it is immaterial whether the machinery or plant is in fact reused.”.
- (6) For subsection (4) (entitlement to special allowance) substitute—
- “(4) If the person incurring any abandonment expenditure so elects, for the chargeable period in which that expenditure is incurred there shall be made to

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*Status: This is the original version (as it was originally enacted).*

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that person an allowance equal to so much of the abandonment expenditure to which the election relates as is incurred in that period.

(4A) If a person makes such an election, neither of sections 62(1)(b) and 62AA(3) applies.

(4B) If machinery or plant is demolished, the total of any allowances under subsection (4) above in respect of expenditure on the decommissioning of the machinery or plant is reduced by the amount of any moneys received for the remains of the machinery or plant.

(4C) Effect is given to subsection (4B) above by setting the amount (until wholly utilised)—

first, against any allowance under subsection (4) above for the chargeable period in which the amount is received (as previously reduced in giving effect to subsection (4B));

second, against allowances under that subsection for earlier chargeable periods (as so reduced and taking later such periods before earlier ones); and

third, against allowances under that subsection for later chargeable periods (as so reduced and taking earlier such periods before later ones).”.

(7) In subsection (5)(a) (election must specify amounts received for remains), for “subsection (4)(a)” substitute “subsection (4B)”.

(8) In the sidenote, for “demolition” substitute “decommissioning”.