



Capital Allowances Act 2001

2001 CHAPTER 2

PART 5

MINERAL EXTRACTION ALLOWANCES

CHAPTER 5

OTHER KINDS OF QUALIFYING EXPENDITURE

[^{F1}416ZE] Allowance where site restoration undertaken for other participators in oil field

- (1) This section applies where—
 - (a) S carries out the restoration of a relevant site,
 - (b) there are, in addition to R, one or more other participators in the relevant field, and
 - (c) the expenditure incurred in carrying out the restoration is apportioned between the participators (including R) in accordance with their shares in the oil won from the relevant field or their shares in the equity of that field.
- (2) D is the part of the expenditure referred to in subsection (1)(c) which is incurred by R.
- (3) Where—
 - (a) a relevant site has been used in connection with the winning of oil from more than one relevant field, and
 - (b) the expenditure incurred in respect of the restoration is apportioned between those fields in accordance with the contribution from each field to the total of the oil won using that site,subsections (1) and (2) apply to each such field as if subsection (1)(c) referred to the expenditure apportioned to that field.
- (4) But subsections (2) and (3) do not apply (and section 416ZD(2) applies instead) if—
 - (a) the amount of consideration, or the method of determining the amount of consideration, to be received by S under the arrangement or arrangements, or

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 416ZE. (See end of Document for details)

- (b) the apportionment of the liability for that consideration (whether between the participators as mentioned in subsection (1)(c) or between the fields as mentioned in subsection (3)(b)),
 has been agreed as, or as part of, an avoidance scheme.
- (5) A scheme is an “avoidance scheme” if the main purpose, or one of the main purposes, of a party in entering into the scheme is to enable a person to obtain a tax advantage under this Part that would not otherwise be obtained.
- (6) The reference in subsection (5) to obtaining a tax advantage that would not otherwise be obtained includes obtaining an allowance that is in any way more favourable to a person than the one that would otherwise be obtained.
- (7) In relation to the restoration of a relevant site, “relevant field” means any of the following—
- (a) the oil field in which the site is located;
 - (b) if the site is the site of a source to the working of which a ring fence trade relates (or related), an oil field from which oil is or has been won by means of working the source;
 - (c) if the site is land used in connection with working such a source, an oil field from which oil is or has been won by means of working the source.
- (8) In this section—
- “licensee”, “oil” and “oil field” have the same meaning as in Part 1 of OTA 1975, and
- “other participator” means a person, not connected with R, who is a licensee in respect of any licensed area wholly or partly included in the oil field in question.]

Textual Amendments

- F1** Ss. 416ZC-416ZE inserted (with effect in accordance with Sch. 32 para. 11 of the amending Act) by Finance Act 2013 (c. 29), **Sch. 32 para. 9**

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 416ZE.