



# Finance Act 2013

## 2013 CHAPTER 29

### PART 2

#### OIL

##### *Decommissioning relief agreements*

#### **80 Decommissioning relief agreements**

- (1) There are to be paid out of money provided by Parliament any sums which a Minister of the Crown is liable to pay under a decommissioning relief agreement.
- (2) A “decommissioning relief agreement” is an agreement which—
  - (a) is made between a Minister of the Crown and a qualifying company, and
  - (b) provides that, in such circumstances as are specified in the agreement, if the amount of tax relief in respect of any decommissioning expenditure incurred by that or another qualifying company is less than an amount determined in accordance with the agreement (“the reference amount”), the difference is payable to the company that incurred the expenditure.
- (3) “Qualifying company” means—
  - (a) any company that has at any time carried on a ring fence trade,
  - (b) any company that is associated with a company carrying on a ring fence trade,
  - (c) any company that has at any time been associated with a company that was carrying on a ring fence trade at that time, and
  - (d) in the case of decommissioning expenditure incurred in connection with any plant or machinery, or any land, situated in the UK sector of a cross-boundary field, any company that is a party to a joint operating agreement or unitisation agreement in relation to that field.
- (4) For the purposes of subsection (2)(b) the amount of tax relief in respect of any decommissioning expenditure is to be determined in accordance with the agreement; and in making such a determination tax relief in respect of expenditure incurred by the qualifying company that is not decommissioning expenditure may, in such

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2013, Section 80. (See end of Document for details)*

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circumstances as are specified in the agreement, be treated as if it were tax relief in respect of decommissioning expenditure.

- (5) A payment made to a company under a decommissioning relief agreement is not to be regarded as income or a gain of the company for any purpose of the Tax Acts.
- (6) Section 18(1) of CRCA 2005 (restriction on disclosure by Revenue and Customs officials) does not prevent—
- (a) disclosure to a Minister of the Crown for the purpose of enabling the Minister of the Crown to determine the extent of any liability under a decommissioning relief agreement, or
  - (b) disclosure to a company that has rights under a decommissioning relief agreement for the purpose of enabling the company to determine the reference amount.
- (7) In this section—
- “company” has the meaning given by section 1121 of CTA 2010,
  - “cross-boundary field” has the meaning given by section 10(9) of the Petroleum Act 1998,
  - “decommissioning expenditure” has the meaning given by section 81,
  - “Minister of the Crown” includes the Treasury,
  - “ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277 of that Act),
  - “the UK sector of a cross-boundary field” means that part of a cross-boundary field lying within the UK marine area (as defined by section 42 of the Marine and Coastal Access Act 2009), and
  - “unitisation agreement” has the meaning given by paragraph 1(2) of Schedule 17 to FA 1980.
- (8) Subsections (8) to (9) of section 30 of the Petroleum Act 1998 (which specifies when one body corporate is associated with another) apply for the purposes of this section as they apply for the purposes of that section.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2013, Section 80.