



# Energy (Oil and Gas) Profits Levy Act 2022

## 2022 CHAPTER 40

### *Relief for investment expenditure*

#### **4 Section 2: meaning of “leasing expenditure”**

- (1) Expenditure incurred by a company is “leasing expenditure” for the purposes of section 2 so far as—
  - (a) it represents payment in return for a mobile production or storage asset being made available under a lease whose term is at least 5 years, and
  - (b) on the date on which the expenditure is incurred, no company has obtained relevant tax relief in respect of the acquisition of the asset.
- (2) But expenditure counts as leasing expenditure only so far as it exceeds the total amount received by the company and its associated companies in respect of any qualifying lease other than—
  - (a) amounts received from the lessee where the parties to the lease are associated companies, or
  - (b) amounts previously set against expenditure under this subsection which would otherwise have counted as leasing expenditure.
- (3) For this purpose a “qualifying lease” means a lease—
  - (a) to which the company or associated company is party as lessee, and
  - (b) in respect of which expenditure is incurred which is, or but for subsection (2) would have counted as, leasing expenditure.
- (4) In addition, if a sublease of an asset is entered into or modified on or after 26 May 2022, expenditure is not leasing expenditure so far as it exceeds the total amount of leasing expenditure incurred in relation to the head lease during the term of the sublease.
- (5) For the purposes of this section expenditure which does not represent payment in return for an asset being made available includes (among other things)—
  - (a) any charge for the provision of any staff or for any services,

---

**Changes to legislation:** There are currently no known outstanding effects for the Energy (Oil and Gas) Profits Levy Act 2022, Section 4. (See end of Document for details)

---

- (b) any amount payable which is, or represents, a profit or premium on the cost of the asset being made available which is paid by the company to an associated company,
  - (c) any amount which, in accordance with generally accepted accounting practice, falls (or would fall) to be shown in the company's accounts as a finance charge in respect of a lease, or
  - (d) any amount that can be attributed to finance costs by reference to the interest rate implicit in the lease (which is to be taken to be the interest rate that would apply to the lease in accordance with normal commercial criteria, including, in particular, generally accepted accounting practice (if applicable)).
- (6) In this section—
- “lease” includes sublease and “lessee” includes sublessee,
  - “a mobile production or storage asset” means a mobile asset whose main function is the production or storage of oil, and
  - “relevant tax relief” means—
    - (a) relief as a result of section 2,
    - (b) relief as a result of Chapter 6A of Part 8 of CTA 2010 (supplementary charge: investment allowance), or
    - (c) relief as a result of Chapter 9 of Part 8 of CTA 2010 (supplementary charge: cluster area allowance).
- (7) For the purposes of this section, where a company incurs expenditure part of which represents payment in return for a mobile production or storage asset and part of which does not, the expenditure is to be apportioned on a just and reasonable basis.

---

#### **Commencement Information**

**II** S. 4 in force at Royal Assent

**Changes to legislation:**

There are currently no known outstanding effects for the Energy (Oil and Gas) Profits Levy Act 2022, Section 4.