
STATUTORY INSTRUMENTS

2024 No. 395

CORPORATION TAX

**The Investment Allowance and Cluster Area Allowance
(Investment Expenditure) (Amendment) Regulations 2024**

<i>Made</i>	- - - -	<i>18th March 2024</i>
<i>Laid before the House of Commons</i>	- - - -	<i>20th March 2024</i>
<i>Coming into force</i>	- -	<i>11th April 2024</i>

The Treasury, in exercise of the powers conferred by sections 332BA and 356JE of the Corporation Tax Act 2010(1), makes the following Regulations.

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Investment Allowance and Cluster Area Allowance (Investment Expenditure) (Amendment) Regulations 2024 and come into force on 11th April 2024.

(2) These Regulations have effect in relation to any expenditure that is incurred on or after that date.

Amendment of the Investment Allowance and Cluster Area Allowance (Investment Expenditure) Regulations 2017

2.—(1) The Investment Allowance and Cluster Area Allowance (Investment Expenditure) Regulations 2017(2) are amended as follows.

(2) In regulation 3(6)—

- (a) in the definition of “facility”, in paragraph (b) for “a subsea” substitute “an”;
- (b) in the definition of “upstream petroleum infrastructure”, for “has the meaning given by section 9H of the Petroleum Act 1998” substitute “has the meaning given in section 18(1) of the Energy (Oil and Gas) Profits Levy Act 2022(3)”.

(1) 2010 c. 4. Sections 332BA was inserted by paragraph 2 of Schedule 12 to the Finance Act 2015 (c. 11). Sections 356JE was inserted by paragraph 2 of Schedule 13 to the Finance Act 2015 (c. 11).
(2) S.I. 2017/292, amended by section 22(6) of the Finance Act 2018 (c. 3).
(3) 2022 c. 40. Section 18(1) was amended by section 12(6)(b) of the Finance (No. 2) Act 2023 (c. 30)

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

18th March 2024

Joy Morrissey
Scott Mann
Two of the Lords Commissioners of His
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Finance Act 2015 introduced the Supplementary Charge Investment Allowance and Cluster Area Allowance. The allowances are available to oil and gas companies investing in upstream production in the United Kingdom and on the United Kingdom Continental Shelf. The allowances were initially only available for capital expenditure.

The Investment Allowance and Cluster Area Allowance (Investment Expenditure) Regulations 2017 (“the 2017 Regulations”) extended the definition of investment expenditure qualifying for the allowances to include certain operating and leasing expenditure. Operating expenditure qualifies for allowances if it is incurred in relation to a “facility” as defined in regulation 3 (6) of the 2017 Regulations.

Regulation 2 of these Regulations amends the definition of “facility” and “upstream petroleum infrastructure” in regulation 3(6) of the 2017 Regulations to ensure that the allowances for operating expenditure work as intended for onshore activities and activities in Northern Ireland in line with the definitions enacted in the Energy (Oil and Gas) Profits Levy Act 2022.

A Tax Information and Impact Note (TIIN) has not been prepared for this instrument as it contains no substantive changes to tax policy.