HMRC - OT10350 - PRT: Decommissioning - Allowable Expenditure: Abandonment Guarantees: Payments Under Guarantees

FA91\S105

Under FA91\S105(1), expenditure met directly or indirectly by the participator out of a guarantee payment (i.e. a payment received on or after 19 March 1991 and made by a guarantor under an abandonment guarantee) is not allowable. It is not treated as incurred by the participator, or any other participator, in the field.

FA91\S105(2) applies where a guarantee payment is not immediately used in meeting the relevant field expenditure but is instead invested by the participator in a fund or account. If this expenditure is subsequently paid out of the fund or account then the expenditure for purposes of subsection (1) is so much of it as can be attributed on a just and reasonable basis to the payment.

See OT10400 where the payment is reimbursed.

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