HMRC - OT11050 - PRT: Long-Term Assets - Basic Conditions For Relief

OTA83\S3

OTA83\S3 provides full front-end relief for long-term asset (see OT11025) expenditure in a field.

The conditions for relief are that

the expenditure is incurred on the acquisition, creation or enhancement of an asset (or an interest in the asset) for an OTA75\S3(1) purpose (see OT09025),

at the end of the ‘relevant claim period’ the asset is used, or is expected to be used, in connection with the field,

at that point the asset is, or is expected to be, a long-term asset,

and the expenditure does not relate to a non-dedicated mobile asset (in which case different rules apply, see OT11100).

Relevant Claim Period

The relevant claim period for long-term assets is the claim period in which the expenditure is incurred unless either

the asset is a ‘brought-in asset’ (see OT11500), in which case the relevant claim period is the claim period of first use (discounting in the case of a mobile asset any claim period in which it was not dedicated to that field), OTA75\S3(5)(b), or

the asset has previously been a non-dedicated mobile asset, in which case the relevant claim period is the period in which the asset becomes dedicated, OTA75\S3(5)(c).

Application to OTA75\S3

As well as the link to a OTA75\S3(1) purpose, which is established by OTA75\S12(2), OTA83\S3(6) provides that the following provisions apply to the allowance of long-term asset expenditure under OTA83\S3:

OTA75\S3(3), prevention of double allowance, see OT09425

OTA75\S3(4), disallowable expenditure, see OT09450

OTA75\S3(5), allowance of supplement, see OT12050

OTA75\S3(5A), apportionment of supplement, see OT12500.

The expenditure apportionment rules in OTA75\S3(6) (see OT09375) and OTA75\S3(7) (see OT09400) do not however apply as they relate to operating expenditure. Apportionment of long-term asset expenditure is considered at OT11400.

Previous page

Next page