HMRC - OT11300 - PRT: Long-Term Assets - Remote Associated Assets

OTA83\Sch1\Para2

Relief for expenditure on associated assets (OTA83\Sch1\Para1, see OT11250) is restricted by the rules in OTA83\Sch1\Para2 if the associated asset is ‘remote’. What this means is that some part of the asset in question is situated more than 100m from the field asset with which it is associated.

Expenditure incurred by a participator on a remote associated asset is only allowed to the extent that tariff and disposal receipts (see OT15500) arising from that asset have been included in an assessment made on that participator, OTA83\Sch1\Para2(5)-(6). Tariffs are net of tariff receipts allowance (TRA), see OT15600. So until the chargeable period in which tariff and disposal receipts from the asset are assessed there is no relief. And then relief in that and subsequent periods cannot exceed the cumulative receipts assessed in those periods.

In such circumstances LB Oil and Gas will challenge any loading of receipts from other assets onto the remote assets with the aim of advancing relief.

Effect on Net Profit Period, OTA83\Sch1\Para2(4)

This subparagraph provides that expenditure on remote associated assets is not taken into account for the purposes of calculating the net profit period (and specifically is not treated as ‘incurred’ in line with FA81\S111(4), see OT12700) until, and only to the extent that, the expenditure can be relieved against tariff or disposal receipts derived from the asset.

Apportionment of TRA, OTA83\Sch1\Para2(7)

If the tariff receipts attract TRA, but derive partly from remote associated assets and partly from other assets, the TRA is apportioned by the proportion that receipts from the remote associated assets bear to the total receipts.

Previous page

Next page