HMRC - OT12100 - PRT: Supplement - Bringing About The Commencement Of Winning Or Transporting Oil

OTA75\S3(5)(a)

OTA75\S3(5)(a) allows supplement on expenditure incurred for the purpose of bringing about

the commencement of winning oil from the field or

the commencement of the transporting of oil won from a field to the UK (or, for claim periods ending after 27 November 1991, to another country)

in a period up to and including the net profit period, see OT12650.

In effect, virtually all the development costs up to production start-up are likely to qualify for supplement including

searching expenditure, see OT12150 (and generally on field expenditure allowable under OTA75\S3(1)(a), see OT09050)

licence premiums allowable under OTA75\S3(1)(b) (see OT09075) (but where a licence on a block adjacent to the field is surrendered then re-acquired, LB Oil & Gas takes the view that the licence premium on re-acquisition is allowable but not supplement, since the obtaining of a fresh licence could not affect the potential of the field to produce)

platform costs (e.g. construction, hook-up and commissioning, see OT12200 for further discussion of some of the issues)

pipelines, dedicated transport tankers etc.

Previous page

Next page