HMRC - OT13020 - Allowances - Outline

The cross field allowance (CFA) rules in FA87\S65 and FA87\SCH14 were introduced in 1987 to give oil companies a financial incentive to develop smaller second generation fields by allowing a measure of relief for expenditure incurred in such developments (‘a relevant new field’ or ‘field of origin’) against income from larger, more mature fields (‘receiving field’). The relief is one of the exceptions to the general principle that PRT is a field-based tax - see OT16250, Unrelievable Field Losses, for the other exception.

The detail of how the relief works is covered in OT13040

Procedural rules are covered in OT13060

Relevant new field, FA87\SCH14\PARAS8-9

‘A relevant new field’, i.e. a field that is eligible to be a CFA donor is broadly a seaward, non- Southern Gas Basin field of which no part was given development consent either before 17 March 1987 or after 15 March 1993.

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