HMRC - OT13910 - PRT: Non-Field Expenditure - Disallowable Expenditure

Interaction of Non-Field Expenditure with OTA75\S3(4)

Under OTA75\S5(4) certain costs cannot be allowed as allowable abortive exploration expenditure. The provision is applied to exploration and appraisal expenditure by virtue of OTA75\S5A(4).

The provision (with appropriate modifications) picks up OTA75\S3(4) (see OT09450) by disallowing

interest or any other expenditure incurred in obtaining a loan or any other form of credit,

the cost of acquiring any land or interest in land other than the cost of making to the Secretary of State a payment falling within OTA75\S3(1)(b), see OT09075,

the cost of acquiring or erecting any building or structure on land,

any payment made for the purpose of obtaining a direct or indirect interest in oil won or to be won from any area whatsoever, other than a payment made to the Secretary of State.

There is no similar provision for research expenditure in OTA75\S5B; as none of the categories listed above could ever be construed as ‘research’ within the normal English language meaning of the term, there is no need for one.

Previous page

Next page