HMRC - OT13940 - PRT: Non-Field Expenditure - Designated Area

The term ‘designated area’ is used in OTA75\S5(1)(b) (abortive exploration, see OT13950), OTA75\S5A(2)(b) (exploration and appraisal (E&A), see OT14000) and OTA75\S5B(4) (research, see OT14125).

A ‘designated area’ is defined in the Continental Shelf Act 1964. The term refers to areas of the European Continental Shelf in which the UK exercises rights over the natural resources of the sea bed and the subsoil. From 1980 foreign sectors of transmedian fields (see OT13510) were deemed to be designated areas, FA80\S107(3)(b).

But in relation to E&A expenditure incurred on or after 19 March 1985, OTA75\s5A(2A) (which was inserted by FA85\S90(3)) provides that relief does not extend to such expenditure incurred in a sector which is deemed to be a designated area, i.e. foreign sectors. And in relation to research, reference to the UK as specified in OTA75\S5B(2)-(4) does not include such sectors.

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