HMRC - OT14040 - PRT: Non-Field Expenditure: Exploration And Appraisal Expenditure: Transitional Provisions: Outline

Subject to certain transitional provisions, relief for exploration and appraisal (E&A) expenditure incurred on or after 16 March 1993 was withdrawn by FA93\S188 by the insertion of OTA75\S5(1)(aa). FA93\S191 at the same time defined the time when expenditure is to be taken as ‘incurred’ for the purposes of the Oil Taxation Acts, see OT14520.

The transitional provisions were designed to mitigate the immediate effect of the abolition of E&A relief. There are two distinct categories as follows:

relief for expenditure incurred between 16 March 1993 and 15 March 1995 (inclusive), being expenditure to which the company (or a company associated with it in respect of the expenditure) was committed immediately before that date, FA93\S188 and OTA75\s5A(1)(aa), see OT14050

relief, subject to an overriding limit of £10m in aggregate, for expenditure incurred between 16 March 1993 and 31 December 1994 (inclusive), being expenditure which would have been allowable under OTA75\S5A but for the FA93\S188 amendment and which is not otherwise allowable, FA93\S189, see OT14060.

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