HMRC - OT26240 - Capital Allowances: Extended Ring Fence Expenditure Supplement For Onshore Activities - Reduction For Disposal Proceeds Under The Capital Allowances Act From The Pre-Commencement Mixed Pool

CTA2010\S329K

The qualifying pre-commencement expenditure for an accounting period (E) is reduced first by any capital allowances disposal proceeds (D) allocated to the period and, if any remains, by unrelieved group ring fence profits of the period (OT26220) before it is added to the mixed pool for pre-commencement ERFES.

In the pre-commencement period, the company may incur expenditure on assets that entitles them to allowances under CAA01. If subsequently the company disposes of any assets in a way that would require a disposal value to be taken into account under CAA01, then the total of all the pre-commencement disposal values (D) is set against the amount of qualifying expenditure in the mixed pool.

D is then deducted from qualifying expenditure E for each pre-commencement period, taking the later period before earlier periods. For any pre-commencement period, E may not be reduced below nil.

Where an asset has been used for both onshore and offshore oil-related activities it is a mixed-activities asset, then the disposal value D is reduced on a just and reasonable basis to reflect the mixed use.

Previous page

Next page