HMRC - OT26380 - Capital Allowances: Mineral Extraction Allowance - Balancing Allowances And Charges

Guidance on where balancing allowances or charges replace writing down allowances and the rules on disposal values can be found in the Capital Allowances Manual, see section CA50400 and seq. The relevant legislation starts at CAA2001\S420.

For the purposes of CAA2001\S427, giving up exploration, search or inquiry, see CA50490.

For the oil sector, HMRC accepts that the search is given up when an unsuccessful exploration programme is concluded on the particular structure.

Whether an exploration programme is unsuccessful and has been concluded on a particular structure is a question of fact to be decided by reference to the detailed surrounding circumstances.

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