HMRC - OT26401 - Industrial Buildings Or Structures - The Application Of IBA To The Oil & Gas Industry

Part 3 CAA01 provides for relief for capital expenditure on industrial buildings or structures, as defined. The general instructions on Industrial Buildings Allowance (IBA) are to be found in the Capital Allowances Manual starting atCA30000.

CAA01\S274 gives the definitions of qualifying trades for IBA. Table A includes a building or structure in use for mineral extraction -

“a trade consisting of working a source of mineral deposits”

A source of mineral deposits specifically includes an oil well. There is no IBA legislation which applies solely to the Oil & Gas Industry. The overwhelming majority of capital expenditure incurred within the industry is relieved under the Research & Development (R&D), Plant & Machinery (P&M) or Mineral Extraction Allowance (MEA) rules. Any building qualifying for IBA will be onshore and will either support offshore activities or be attached to onshore fields. Buildings that may attract IBAs will include those used for the purpose of refining and processing, receiving and treatment terminals, together with roads and jetties. The machinery in such buildings will attract relief as plant or machinery and only the structures will qualify as industrial buildings.

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