HMRC - OT26602 - Capital Allowances: Long Life Assets - Brief Outline

FA 97 introduced legislation for long life assets (LLA’s). The legislation is at Chapter 10 CAA01, starting at CAA01\S90 and covers expenditure incurred on or after 26 November 1996 on certain machinery and plant with an expected working life of at least 25 years.

There is an exception for groups spending less than £100,000 in a 12 month period (see CA23740).

In the oil & gas industry the assets that are likely to be affected are:

Upstream assets

Fixed field assets where the expected field life is over 25 years (and the particular asset is expected to be in use for at least 25 years).

Pipelines serving more than one field or prospect that are expected to remain in use for at least 25 years.

Mobile assets that are likely to be used in connection with a succession of fields or prospects, where the expected economic life when new is at least 25 years.

Downstream assets

Oil and gas processing plants, refineries, on-shore pipelines.

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