HMRC - OT26603 - Capital Allowances: Long Life Assets - Expenditure Excluded From Being On Long Life Assets - Ships And Offshore Installations

CAA01\S94

CAA01\S94 excludes from LLA’s expenditure incurred before 1 January 2011 on the provision of a ship of a seagoing kind and the ship is not an offshore installation (see CA23730).

Floating Production Storage and Offloading Vessels (FPSO’s) may appear to be ships but whether or not they are will be dependent on the facts of each case (seeCA25100).

However, the CAA01\S94 exclusion from LLA’s does not apply if the “ship” falls within the definition of an “offshore installation” for the purposes of the Mineral Workings (Offshore installations) Act 1971. This Act defines offshore installation as meaning:

“any installation which is or has been maintained, or is intended to be established, for the carrying on of any activity to which this Act applies”.

As the activities to which the Act applies include:

“the exploitation or exploration of mineral resources in or under the shore or bed of controlled waters”,

and as installation includes:

“any floating structure or device maintained on a station by whatever means”.

HMRC consider that Floating Production Storage and Offloading Vessels (FPSO’s) fall within the definition of long life assets if their expected working life when new is at least 25 years.

Previous page

Next page