HMRC - OT28040 - Meaning Of General Decommissioning Expenditure

CAA2001\S163

The term general decommissioning expenditure was introduced by FA2008 and applies for expenditure incurred on or after 12 March 2008.

For the purposes of CAA2001\S164 and CAA2001\S165 the expenditure must meet the following conditions.

The expenditure must have been incurred on the decommissioning of plant or machinery which has been brought into use for the purpose of a ring fence trade and

is, or forms part of , an offshore installation or a submarine pipeline, in certain circumstances an onshore installation, or

when last in use for the purpose of a ring fence trade, was, or formed part of, such an installation or pipeline (CAA2001\163(3)).

The plant or machinery must not be replaced (CAA2001\S163(4)).

For expenditure incurred on or after 22 April 2009

a further condition must be met (see OT28045).

the rules were also amended so that ring fence assets put to other use could still access relief for general decommissioning expenditure (see OT28045).

Until 17 July 2013 the definitions of an offshore installations and a submarine pipelines (OT28050) excluded all onshore pipelines and installations even if they might be regarded as incidental to offshore assets.

FA2013\S90 amended the definition of general decommissioning expenditure at CAA2001\S163 to include certain (relevant) onshore installations that have been used in connection with winning oil from an oil field wholly or partly within the boundaries of the territorial sea of the United Kingdom, or an area designated under section 1(7) of the Continental Shelf Act 1964. It is not intended to deny relief for decommissioning costs incurred onshore in respect of qualifying assets situated offshore before decommissioning.

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