HMRC - OT28703 - Outline Of The Legislation

Any company that has carried on a ring fence trade, and the associates of those companies, is eligible to be party to a decommissioning relief deed (DRD).

CAA2001\S163 to CAA2001\S165 and CAA2001\S416 already provide tax relief for the costs of decommissioning. However, no current law guarantees the relief will be available in the future.

Parliament has decided to allow companies to enter into DRD’s with the Government. The company will then be able to obtain payment under the DRD if tax legislation is changed to reduce the amount of relief available in respect of decommissioning expenditure. The company may also claim under the DRD if they are required to incur expenditure as a result of another company defaulting in respect of its decommissioning liability under certain circumstances.

The relevant legislation is in

FA2013\S80 to S93

FA2013\SCH31

FA2013\SCH32.

The legislation is summarised in the following pages.

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