HMRC - OT30151 - Allowable Costs - Drilling Costs

Intangible drilling costs which historically were allowed as a Case I deduction following the New Brunswick decision, a practice abolished by FA97, will normally be capitalised in the accounts along with the costs of the licence, plant and machinery etc.

Any Intangible drilling costs that have been allowed under Case I must be excluded from the capital gains tax computation.

Should any intangible drilling cost that has been allowed as a Case I deduction be reimbursed through a sale contract then the attributable sum will be taxable as a Case I receipt.

Next page