



# Capital Allowances Act 2001

## 2001 CHAPTER 2

### PART 12

#### SUPPLEMENTARY PROVISIONS

### CHAPTER 3

#### DISPOSALS OF OIL LICENCES: PROVISIONS RELATING TO PARTS 5 AND 6

##### *Disposal of oil licence with exploitation value*

#### **555 Disposal of oil licence with exploitation value**

- (1) This section applies if—
  - (a) a person (“the seller”) disposes of an interest in an oil licence to another (“the buyer”), and
  - (b) part of the value of the interest is attributable to allowable exploration expenditure incurred by the seller.
- (2) For the purposes of Part 6 (research and development allowances) the disposal is to be treated as a disposal by which the seller ceases to own an asset representing the allowable exploration expenditure to which that part of the value of the interest is attributable.
- (3) Part 6 applies as if the disposal value to be brought into account were equal to so much of the buyer’s expenditure on acquiring the interest as it is just and reasonable to attribute to that part of the value of the interest.
- (4) In this section “allowable exploration expenditure” means expenditure which—
  - (a) is incurred on mineral exploration and access within the meaning of Part 5 (mineral extraction allowances), and
  - (b) is qualifying expenditure for the purposes of Part 6.

**Changes to legislation:**

There are currently no known outstanding effects for the Capital Allowances Act 2001, Cross  
Heading: Disposal of oil licence with exploitation value.