



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 13

PROVISIONS AFFECTING MINING AND OIL INDUSTRIES

^{F1} Expenditure connected with reuse etc. of offshore oil infrastructure

Textual Amendments

F1 Ss. 161A-161D and crossheading inserted (with effect as mentioned in Sch. 20 para. 9(1)-(4)(8) of the amending Act) by [Finance Act 2001 \(c. 9\)](#), s. 68, [Sch. 20 para. 5\(1\)](#)

161A Meaning of “offshore infrastructure”

- (1) In sections 161C and 161D “ offshore infrastructure ” means—
- (a) an offshore installation within the meaning given by section 44 of the Petroleum Act 1998 (c. 17) or a part of such an installation, or
 - (b) something that would be, or would be a part of, an offshore installation within that meaning if in subsection (3) of that section “ relevant waters ” meant waters in a foreign sector of the continental shelf and other foreign tidal waters, or
 - (c) a pipeline within the meaning of section 26 of that Act, or a part of such a pipeline, that is in, under or over waters in—
 - (i) the territorial sea adjacent to the United Kingdom, or
 - (ii) an area designated under section 1(7) of the Continental Shelf Act 1964 (c. 29), or

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- (d) a pipeline within the meaning of section 26 of the Petroleum Act 1998 (c. 17), or a part of such a pipeline, that is in, under or over waters in a foreign sector of the continental shelf.

- (2) In subsection (1)(b) and (d)—

“ foreign sector of the continental shelf ” means an area within which rights are exercisable with respect to the sea bed and subsoil and their natural resources by a country or territory outside the United Kingdom;

“ foreign tidal waters ” means tidal waters in an area within which rights are exercisable with respect to the bed and subsoil of the body of water in question and their natural resources by a country or territory outside the United Kingdom.

161B Meaning of “decommissioning expenditure”

- (1) In sections 161C and 161D “ decommissioning expenditure ” means expenditure in connection with—
- (a) preserving plant or machinery pending its reuse or demolition,
 - (b) preparing plant or machinery for reuse, or
 - (c) arranging for the reuse of plant or machinery.
- (2) It is immaterial for the purposes of subsection (1)(a) whether the plant or machinery is reused, is demolished or is partly reused and partly demolished.
- (3) It is immaterial for the purposes of subsection (1)(b) and (c) whether the plant or machinery is in fact reused.

161C Expenditure related to reuse etc. qualifies for writing-down allowances

- (1) This section applies where—
- (a) a person carrying on a trade of oil extraction incurs decommissioning expenditure, and
 - (b) the plant or machinery concerned—
 - (i) has been brought into use for the purposes of the trade, and
 - (ii) is, or was when last in use for those purposes, offshore infrastructure.
- (2) The decommissioning expenditure is allocated to the appropriate pool for the chargeable period in which it is incurred.
- (3) Subsection (2) is subject to sections 161D^{F2}, 164(4) and 165A to 165E].
- (4) In subsection (2) “ the appropriate pool ” means the pool to which the expenditure on the plant or machinery concerned has been or would be allocated in accordance with this Part.

Textual Amendments

- F2** Words in s. 161C(3) substituted (with effect in accordance with Sch. 32 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 32 para. 5](#)

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161D Exceptions to section 161C(2)

- (1) Subsection (2) of section 161C does not apply to decommissioning expenditure on UK infrastructure unless it is incurred in connection with measures taken, wholly or substantially, in order to comply with—
 - (a) an abandonment programme within the meaning given by section 29 of the Petroleum Act 1998 (c. 17), or
 - (b) any condition to which the approval of such a programme is subject.
- (2) Subsection (2) of section 161C does not apply to expenditure in respect of which an allowance or deduction could be made apart from that subsection in taxing, or computing, the person's income for any tax purpose.
- (3) For the purposes of subsection (1), decommissioning expenditure is “ on UK infrastructure ” if the plant or machinery concerned—
 - (a) is offshore infrastructure within section 161A(1)(a) or (c), or
 - (b) is not offshore infrastructure but was offshore infrastructure within section 161A(1)(a) or (c) when last in use for the purposes of the trade.]

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