



Capital Allowances Act 2001

2001 CHAPTER 2

PART 2

PLANT AND MACHINERY ALLOWANCES

CHAPTER 13

PROVISIONS AFFECTING MINING AND OIL INDUSTRIES

[^{F1}Restrictions on allowances: anti-avoidance

[^{F1}165D Allowance where decommissioning undertaken for other participators in oil field

- (1) This section applies where—
 - (a) S decommissions the plant or machinery,
 - (b) there are, in addition to R, one or more other participators in the relevant field, and
 - (c) the expenditure incurred in respect of the decommissioning is apportioned between the participators (including R) in accordance with their shares in the oil won from the relevant field or their shares in the equity of that field.
- (2) D is the part of the expenditure referred to in subsection (1)(c) which is incurred by R.
- (3) Where—
 - (a) plant or machinery is or has been used in connection with the winning of oil from more than one relevant field, and
 - (b) the expenditure incurred in respect of the decommissioning is apportioned between those fields in accordance with the contribution from each field to the total of the oil won using that plant or machinery,subsections (1) and (2) apply to each such field as if subsection (1)(c) referred to the expenditure apportioned to that field.

Changes to legislation: There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 165D. (See end of Document for details)

- (4) But subsections (2) and (3) do not apply (and section 165B(2) applies instead) if—
- (a) the amount of consideration, or the method of determining the amount of consideration, to be received by S under the arrangement or arrangements, or
 - (b) the apportionment of the liability for that consideration (whether between the participators as mentioned in subsection (1)(c) or between the fields as mentioned in subsection (3)(b)),
- has been agreed as, or as part of, an avoidance scheme.
- (5) A scheme is an “avoidance scheme” if the main purpose, or one of the main purposes, of a party in entering into the scheme is to enable a person to obtain a tax advantage under this Part that would not otherwise be obtained.
- (6) The reference in subsection (5) to obtaining a tax advantage that would not otherwise be obtained includes obtaining an allowance that is in any way more favourable to a person than the one that would otherwise be obtained.
- (7) In this section—
- “licensee”, “oil” and “oil field” have the same meaning as in Part 1 of OTA 1975,
- “other participator” means a person, not connected with R, who is a licensee in respect of any licensed area wholly or partly included in the oil field in question, and
- “relevant field” means an oil field—
- (a) in which plant or machinery is located, or
 - (b) in connection with which the plant or machinery is being or has been used for the purposes of a ring fence trade.]

Textual Amendments

- F1** Ss. 165A-165E and cross-heading inserted (with effect in accordance with Sch. 32 para. 8 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 32 para. 2](#)

Changes to legislation:

There are currently no known outstanding effects for the Capital Allowances Act 2001, Section 165D.