



# Finance Act 2013

## 2013 CHAPTER 29

### PART 2

#### OIL

##### *Decommissioning relief agreements*

#### **84 Terminal losses accruing by virtue of another's default**

- (1) This section applies where—
  - (a) a company defaults on a liability under—
    - (i) a relevant agreement, or
    - (ii) an abandonment programme,to make a payment towards decommissioning expenditure in respect of an oil field,
  - (b) in consequence of the default, another company (“the other company”) that has rights under a decommissioning relief agreement at the time of the default incurs decommissioning expenditure in respect of that oil field, and
  - (c) but for paragraph 15 of Schedule 17 to FA 1980 (terminal losses), a sum (or a sum of a greater amount) would be payable to the other company under the decommissioning relief agreement.
- (2) Paragraph 15 of Schedule 17 to FA 1980 does not apply in relation to any allowable loss accruing to the other company from that oil field.
- (3) Any allowable unrelievable field loss (within the meaning of section 6 of OTA 1975) that—
  - (a) consists of the unrelieved portion of an allowable loss within subsection (2), and
  - (b) would (in the absence of this subsection) arise as a result of subsection (2), is not to be regarded as arising.
- (4) Nothing in this section affects the operation of section 83(3) or (5).

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*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 2013, Section 84. (See end of Document for details)*

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(5) In this section—

“abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised),

“company” has the meaning given by section 1121 of CTA 2010,

“decommissioning expenditure” has the same meaning as in section 80,

“decommissioning relief agreement” has the same meaning as in that section,

“oil field” has the same meaning as in OTA 1975,

“relevant agreement” has the meaning given by section 104(5)(a) of FA 1991, and

“unrelieved portion”, in relation to an allowable loss, is to be read in accordance with section 6 of OTA 1975.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2013, Section 84.