

Finance Act, 2008

Section 109 - Capital allowances: decommissioning expenditure

1) Section 163 of CAA 2001 (meaning of "abandonment expenditure") is amended as follows. (2) For the heading substitute "Meaning of "general decommissioning expenditure"". (3) For subsections (1) to (3) substitute- "(1) Expenditure is "general decommissioning expenditure" for the purposes of sections 164 and 165 if the conditions in subsections (3) and (4) are met. (2) But that is subject to subsections (4ZA) to (4ZC). (3) The expenditure must have been incurred on decommissioning plant or machinery- (a) which has been brought into use for the purposes of a ring fence trade, and (b) which- (i) is, or forms part of, an offshore installation or a submarine pipeline, or (ii) when last in use for the purposes of a ring fence trade, was, or formed part of, such an installation or pipeline." (4) After subsection (4) insert- "(4ZA) An amount of general decommissioning expenditure determined in accordance with subsection (1) is to be reduced under subsection (4ZB) if it appears that the decommissioned plant and machinery- (a) was brought into use partly for the purposes of the ring fence trade and partly for the purposes of another trade, or (b) was brought into use wholly for the purposes of the ring fence trade, but has, at any time since, not been used wholly for those purposes. (4ZB) The amount determined in accordance with subsection (1) is to be reduced to an amount which is just and reasonable having regard to the relevant circumstances. (4ZC) The relevant circumstances include, in particular, the extent to which the decommissioned plant and machinery has not been used for the purposes of the ring fence trade." (5) In subsection (5)(b), omit ""abandonment programme",". (6) Schedule 34 contains amendments consequential on this section. (7) The amendments made by this section and that Schedule have effect in relation to expenditure incurred on or after 12 March 2008.