



# Finance Act 2016

## 2016 CHAPTER 24

### PART 2

#### CORPORATION TAX

##### *Oil and gas*

#### **59 Investment allowance: disqualifying conditions**

- (1) Section 332D of CTA 2010 (expenditure on acquisition of asset: disqualifying conditions) is amended as follows.
- (2) In subsection (1) after “an asset” insert “ (“the acquisition concerned”) ”.
- (3) In subsection (2)—
  - (a) for “acquisition,” substitute “ acquisition concerned, ” and
  - (b) after “acquiring,” insert “ leasing, ”.
- (4) In subsection (3)(b)—
  - (a) for “acquisition,” substitute “ acquisition concerned, ”, and
  - (b) after “acquiring,” insert “ leasing, ”.
- (5) After subsection (4) insert—
  - (5) In subsection (3)(c) “this Chapter” means the provisions of this Chapter, and of any regulations made under this Chapter, as those provisions have effect at the time when the investment expenditure mentioned in subsection (1) is incurred.
- (6) Subsections (7) and (8) apply where investment expenditure mentioned in subsection (1) would, in the absence of this section, be relievable under section 332C by reason of section 332CA (treatment of expenditure incurred before field is determined).
- (7) Where this subsection applies—

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- (a) subsection (2) is to be read as if after “was” there were inserted “, or has become, ”, and
  - (b) in determining for the purposes of subsection (2) or (3)(b) whether particular expenditure was incurred “before” the acquisition concerned—
    - (i) paragraph (b) of section 332CA(3) is to be ignored, and
    - (ii) accordingly, that expenditure is to be taken (for the purposes of determining whether it was incurred before the acquisition concerned) to have been incurred when it was actually incurred.
- (8) Where this subsection applies, in determining whether the second disqualifying condition applies to the asset—
- (a) the reference in subsection (3)(a)(i) to a qualifying oil field is to be read as including an area which, at the time of the acquisition concerned, had not been determined to be an oil field but which has subsequently become a qualifying oil field,
  - (b) the reference in subsection (3)(a)(ii) to a qualifying oil field is to be read as including an area which, at the time of the transfer, had not been determined to be an oil field but which has subsequently become a qualifying oil field,
  - (c) the reference in subsection (3)(c)(i) to “the qualifying oil field” is to be read accordingly, and
  - (d) the following sub-paragraph is to be treated as substituted for subsection (3)(c)(ii)—
    - “(ii) would have been relievably under section 332C if this Chapter had been fully in force and had applied to expenditure incurred at the time when that expenditure was actually incurred and the area in question had been a qualifying oil field at that time.”
- (9) In subsection (8)(a) and (b) “determined” means determined under Schedule 1 to OTA 1975.
- (10) In this section any reference to expenditure which was incurred by a company in “leasing” an asset is to expenditure incurred by the company under an agreement under which the asset was leased to the company.”
- (6) The amendments made by this section have effect for the purposes of determining whether any expenditure—
- (a) incurred by a company on or after 16 March 2016 on the acquisition of an asset, or
  - (b) treated under section 332CA of CTA 2010 as so incurred,
- is relievably expenditure for the purposes of section 332C of CTA 2010.

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**Changes and effects yet to be applied to the whole Act associated Parts and Chapters:**

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 19 para. 12(5)(b) inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(c\)](#)
- Sch. 19 para. 12(5)(a) word inserted by [2017 c. 32 Sch. 14 para. 49\(2\)\(b\)](#)
- Sch. 19 para. 51(8)(b) words inserted by [2017 c. 32 Sch. 14 para. 48\(2\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(a\)](#)
- Sch. 19 para. 53(1) words inserted by [2017 c. 32 Sch. 14 para. 48\(4\)\(b\)](#)
- Sch. 19 para. 12(5)(a) words renumbered as Sch. 19 para. 12(5)(a) by [2017 c. 32 Sch. 14 para. 49\(2\)\(a\)](#)
- Sch. 19 para. 58(1) words substituted by [2017 c. 32 Sch. 14 para. 48\(5\)](#)
- Sch. 20 para. 1(4)(e) inserted by [2021 c. 26 Sch. 27 para. 47\(2\)](#)
- Sch. 20 para. 3(3)(d) and word inserted by [2021 c. 26 Sch. 27 para. 47\(3\)\(b\)](#)
- Sch. 20 para. 5(5) inserted by [2021 c. 26 Sch. 27 para. 47\(5\)](#)
- Sch. 22 para. 2(4B) inserted by [2021 c. 26 Sch. 27 para. 48\(2\)\(c\)](#)
- Sch. 22 para. 3(4A) inserted by [2021 c. 26 Sch. 27 para. 48\(3\)](#)