



Finance Act 2016

2016 CHAPTER 24

PART 2

CORPORATION TAX

Oil and gas

61 Onshore allowance: disqualifying conditions

(1) CTA 2010 is amended as follows.

(2) In section 356C after subsection (4) insert—

“(4A) Subsections (1) to (4) are subject to section 356CAA (which prevents expenditure on the acquisition of an asset from being relievably in certain circumstances).”

(3) After section 356CA insert—

“356CAA Expenditure on acquisition of asset: further disqualifying conditions

(1) Capital expenditure incurred by a company (“the acquiring company”) on the acquisition of an asset (“the acquisition concerned”) is not relievably capital expenditure for the purposes of section 356C if subsection (2), (3) or (8) applies to the asset.

(2) This subsection applies to the asset if capital expenditure incurred before the acquisition concerned, by the acquiring company or another company, in acquiring, bringing into existence or enhancing the value of the asset was relievably under section 356C.

(3) This subsection applies to the asset if—

(a) the asset—

(i) is the whole or part of the equity in a qualifying site, or

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- (ii) is acquired in connection with a transfer to the acquiring company of the whole or part of the equity in a qualifying site,
 - (b) capital expenditure was incurred before the acquisition concerned, by the acquiring company or another company, in acquiring, bringing into existence or enhancing the value of the asset, and
 - (c) any of that expenditure—
 - (i) related to the qualifying site, and
 - (ii) would have been relievable under section 356C if this Chapter had been fully in force and had applied to expenditure incurred at that time.
- (4) For the purposes of subsection (3)(a)(ii) it does not matter whether the asset is acquired at the time of the transfer.
- (5) In subsection (3)(c) “this Chapter” means the provisions of this Chapter as those provisions have effect at the time when the capital expenditure mentioned in subsection (1) is incurred.
- (6) The reference in subsection (3)(c)(i) to the qualifying site includes an area that, although not a qualifying site when the expenditure mentioned in subsection (3)(b) was incurred, subsequently became the qualifying site.
- (7) Where expenditure mentioned in subsection (3)(b) related to an area which subsequently became the qualifying site, the following sub-paragraph is to be treated as substituted for subsection (3)(c)(ii)—
- “(ii) would have been relievable under section 356C if the area in question had been a qualifying site when the expenditure was incurred, or if the area in question had been such a site at that time and this Chapter had been fully in force and had applied to expenditure incurred at that time.”
- (8) This subsection applies to the asset if—
- (a) capital expenditure mentioned in subsection (1) would, in the absence of this section, be relievable under section 356C by reason of an election under section 356CB (treatment of expenditure not related to an established site), and
 - (b) capital expenditure which was incurred before the acquisition concerned, by the acquiring company or another company, in acquiring, bringing into existence or enhancing the value of the asset, either—
 - (i) has become relievable under section 356C by reason of an election under section 356CB, or
 - (ii) would be so relievable if such an election were made in respect of that expenditure.
- (9) In determining for the purposes of subsection (8)(b) whether particular expenditure was incurred “before” the acquisition concerned—
- (a) paragraph (b) of section 356CB(6) is to be ignored, and
 - (b) 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.

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- (10) For the purposes of subsection (8)(b)(ii) it does not matter if an election is not in fact capable of being made.”
- (4) 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 by reason of an election under section 356CB as so incurred,
- is relievable expenditure for the purposes of section 356C 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\(3\)](#)