

PRT Retained Decommissioning Guidance

[OT09625 - PRT: allowable field expenditure - subsidised expenditure

OTA75\SCH3\Para8

No allowance is to be given for any expenditure which has been or is to be met directly or indirectly by the Crown or by any Government or Public or Local Authority, whether in the United Kingdom or elsewhere, or by any person other than the Participator. Excluded from relief therefore is any expenditure to the extent that it has been, or will be, covered by Government grants, subsidies or contributions from participators or other parties.

However, see the exception for decommissioning expenditure at OT09650.

See also OT09350 re the treatment of insurance recoveries.]

[Next OT Manual number is OT10000]

OT09650 - PRT: allowable field expenditure - subsidised expenditure – decommissioning expenditure

OTA75\SCH3\Para11A

Where there has been a change in the ownership of a field interest (see [OT18020](#)) and the responsibility for incurring decommissioning passes to the new owner but the costs of decommissioning are met by the previous owner the subsidised expenditure rules do not apply and the new owner is able to claim relief for the decommissioning expenditure funded by the previous owner.

Where there has been a change in the ownership of a field interest but the responsibility for decommissioning is retained by the old owner (and the old owner does not hold any other licence interest in the field) any expenditure that the old owner incurs on decommissioning that field interest is deemed to be incurred by the new owner. Once again the subsidised expenditure rules do not apply and the new owner is able to claim relief.

If there are subsequent transfers of the field interest then relief will similarly be available if the old owner meets the decommissioning costs of any subsequent owner or incurs decommissioning expenditure relating to the relevant field interest held by any subsequent owner.

These rules apply to changes in field ownership which were granted approval by the OGA on or after 1 November 2018. Where there have been transfers of field interests between the old owner and the new owner both before and after the new rules apply and the old owner meets decommissioning costs of the new owner, or directly incurs such costs, the proportion of decommissioning expenditure which is subject to the new rules is to be determined on a just and reasonable basis (OTA75\SCH3\Para11A(5)).