
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2019, PART 13. (See end of Document for details)*

SCHEDULES

SCHEDULE 15

OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

PART 13

ONWARD SALE

Application of paragraphs 83 to 90

- 81 This Part applies if—
- (a) the purchaser (referred to in this Part as “the first purchaser”) and the seller jointly make a TTH election (the “first TTH election”) in respect of an interest (the “first TTH asset”) in the TTH oil field,
 - (b) the first purchaser subsequently sells to another company (“the second purchaser”) an interest in a UK oil licence which applies to the area which includes the TTH oil field, and
 - (c) the first purchaser and the second purchaser jointly make a TTH election (the “subsequent TTH election”) in respect of an interest (the “subsequent TTH asset”) in the TTH oil field.
- 82 (1) Sub-paragraph (2) applies if—
- (a) the first purchaser has an interest in the UK oil licence referred to in paragraph 1, in addition to the interest in that licence acquired from the seller, and
 - (b) the UK oil licence referred to in paragraph 81(b) is the same UK oil licence referred to in paragraph 1.
- (2) Interests in the licence acquired later by the first purchaser are treated, for the purposes of this Part, as being transferred to the second purchaser before interests in the licence acquired earlier by the first purchaser.

Original TTH amount treated as eligible ring fence profits

- 83 (1) This Schedule applies, for the purposes of the subsequent TTH election, as if the original TTH amount for all relevant accounting periods were an amount of the first purchaser's eligible ring fence profits for that period.
- (2) Sub-paragraph (1) is subject to paragraphs 85 to 88.
- (3) In this Part of this Schedule, “relevant accounting period” means a pre-acquisition accounting period of the first purchaser for which there is, immediately before the effective date of the subsequent TTH election, an unused transferred profits amount.
- (4) In this Part of this Schedule, references to the “original TTH amount” mean, in relation to a relevant accounting period—

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- (a) the unused transferred profits amount for that period, or
 - (b) if the first TTH asset is not the same as the subsequent TTH asset, the relevant proportion of that amount for that period.
- (5) For the purposes of sub-paragraph (4)(b), the “relevant proportion” is the proportion that the subsequent TTH asset bears to the first TTH asset or, if the proportion cannot reasonably be determined on that basis, such other proportion determined on a just and reasonable basis.
- (6) In this paragraph, references to the unused transferred profits amount for an accounting period are references to—
- (a) the transferred profits amount, in relation to the first TTH election, for that period, less
 - (b) the total of the amounts applied for that period in accordance with paragraph 25, for the purposes of the application of that paragraph in relation to a loss period of the first purchaser.
- 84 The original TTH amount for each relevant accounting period ceases to be treated, for the purposes of the first TTH election, as a transferred profits amount for that period in relation to the first purchaser.

Original TTH amount transferred before eligible ring fence profits (subject to opt-out)

- 85 (1) Paragraphs 86 and 87 apply in relation to the subsequent TTH election, subject to sub-paragraph (2).
- (2) The first purchaser and the second purchaser may elect, at the time the TTH election is made, that neither paragraph 86 nor paragraph 87 applies in relation to the subsequent TTH election.
- 86 (1) The total TTH amount may not include an amount representing the first purchaser's eligible ring fence profits for an accounting period unless it also includes an amount representing, in respect of each relevant accounting period, the original TTH amount for that period.
- (2) Paragraph 11 (consecutive accounting periods) does not apply in relation to an amount representing an original TTH amount for a relevant accounting period (but see sub-paragraph (3)).
- (3) The total TTH amount may not include an amount representing the original TTH amount for a particular accounting period unless it also includes an amount representing the original TTH amount for the next following relevant accounting period.
- (4) If the original TTH amount exceeds the total TTH amount, the transferred profits amount for the earliest relevant accounting period must be an amount equal to—
- (a) the total TTH amount, less
 - (b) the transferred profits amount for later relevant accounting periods.
- (5) For the purposes of paragraph 12 (the transferred profits amount)—
- (a) references to the “earliest period” are to be treated as references to the earliest accounting period for which there is a transferred profits amount by reason of the first purchaser's eligible ring fence profits for that period (and not by reason of an original TTH amount for that period), and

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- (b) the reference in sub-paragraph (2) to the TTH balance for the earliest period is to be treated as a reference to the TTH balance less the transferred profits amounts for each relevant accounting period.

87 In the application of this Schedule for the purposes of the subsequent TTH election—

- (a) in sub-paragraph (2) of paragraph 30 (TTH activation event), the reference to an allowance or allocation made to the purchaser includes a reference to the relevant proportion (within the meaning of paragraph 83(5)) of an allowance or allocation made to the first purchaser;
- (b) in paragraph 30(2)(b) and (3)(b), and in paragraph 31 (decommissioning expenditure amount), references to a post-acquisition accounting period of the purchaser include references to a post-acquisition accounting period of the first purchaser;
- (c) in paragraph 30(3) as it applies in relation to post-acquisition accounting periods of the first purchaser, the reference to amounts attributable to the TTH asset is to be treated as a reference to the relevant proportion (within the meaning of paragraph 83(5)) of those amounts;
- (d) in paragraph 30(5) as it applies for the purposes of determining the total decommissioning expenditure amount in relation to a post-acquisition accounting period of the first purchaser, the reference to the purchaser is to be treated as a reference to the first purchaser;
- (e) references in this Schedule to a pre-acquisition accounting period of the purchaser include references to a pre-acquisition accounting period of the first purchaser;
- (f) references in paragraphs 83 to 86 and 89 to an amount of the first purchaser's eligible ring fence profits do not include references to an original TTH amount.

Opt-out under paragraph 85(2): further provision about the application of this Schedule

88 (1) This paragraph applies if—

- (a) the first purchaser and the second purchaser make an election under paragraph 85(2) (disapplication of paragraphs 86 and 87), and
- (b) in relation to the subsequent TTH election, the total TTH amount exceeds the total amount of the first purchaser's eligible ring fence profits for—
 - (i) the accounting period which is, at the licence transfer date in relation to the subsequent TTH election, the first purchaser's most recent qualifying accounting period in respect of which the amendment period has ended, and
 - (ii) each earlier accounting period which is, in relation to the first TTH election, a post-acquisition accounting period of the first purchaser.

(2) In the application of this Schedule for the purposes of the subsequent TTH election—

- (a) in sub-paragraph (2) of paragraph 30 (TTH activation event), the reference to an allowance or allocation made to the purchaser includes a reference to the relevant proportion (within the meaning of paragraph 83(5)) of an allowance or allocation made to the first purchaser;
- (b) in paragraph 30(2)(b) and (3)(b), and in paragraph 31 (decommissioning expenditure amount), references to a post-acquisition accounting period

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- of the purchaser include references to the accounting periods of the first purchaser mentioned in sub-paragraph (1)(b)(i) and (ii);
- (c) in paragraph 30(3) as it applies in relation to the accounting periods of the first purchaser mentioned in sub-paragraph (1)(b)(i) and (ii), the reference to amounts attributable to the TTH asset is to be treated as a reference to the relevant proportion (within the meaning of paragraph 83(5)) of those amounts;
 - (d) in paragraph 30(5) as it applies for the purposes of determining the total decommissioning expenditure amount in relation to an accounting period of the first purchaser mentioned in sub-paragraph (1)(b)(i) or (ii), the reference to the purchaser is to be treated as a reference to the first purchaser;
 - (e) in paragraph 83 and in sub-paragraph (1)(b) of this paragraph, references to an amount of the first purchaser's eligible ring fence profits do not include references to an original TTH amount.

Supplementary charge: treatment of transferred adjusted ring fence profits

- 89 (1) The provisions of this Schedule apply, for the purposes of the subsequent TTH election, as if—
- (a) the transferred adjusted ring fence profits amount for each relevant accounting period, or
 - (b) if the first TTH asset is not the same as the subsequent TTH asset, the relevant proportion of that amount for that period,
- were an amount of the first purchaser's eligible adjusted ring fence profits for that period.
- (2) For the purposes of sub-paragraph (1)(b), “the relevant proportion” means the proportion that the subsequent TTH asset bears to the first TTH asset or, if the proportion cannot reasonably be determined on that basis, such other proportion determined on a just and reasonable basis.

Tracking

- 90 (1) This paragraph applies if, after the effective date of the subsequent TTH election, the first purchaser continues to be liable for the decommissioning costs, or for a proportion of the decommissioning costs, for the subsequent TTH asset.
- (2) In the application of this Schedule for the purposes of the subsequent TTH election, references to the “purchaser” in paragraph 65 are to be treated, in respect of the period beginning with the effective date of the subsequent TTH election, as including references to the second purchaser.

Sale by the second purchaser or subsequent sale

- 91 In the case of a sale by the second purchaser, or a subsequent sale, of an interest within paragraph 81(c) in respect of which the parties make a TTH election—
- (a) references in paragraph 86 to the original TTH amount are references to the original TTH amount in relation to each election,
 - (b) amounts in relation to earlier elections are to be applied for the purposes of paragraph 86(1) and (3) before amounts in relation to later elections,

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- (c) the provisions of paragraph 87 apply in relation to the second purchaser, and each subsequent purchaser, as they apply in relation to the first purchaser, and
- (d) in paragraph 90—
 - (i) the reference to the first purchaser in sub-paragraph (1) is treated as including a reference to the second purchaser, or a subsequent purchaser, and
 - (ii) sub-paragraph (2) applies in relation to each subsequent purchaser as it applies in relation to the second purchaser.

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