

## SCHEDULES

### SCHEDULE 15

#### OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

##### PART 7

###### SUPPLEMENTARY CHARGE: RECALCULATION OF ADJUSTED RING FENCE PROFITS

###### *Recalculation: steps*

- 50 (1) This paragraph applies for the purposes of recalculating the transferred adjusted ring fence profits amount for the pre-acquisition accounting period mentioned in paragraph 26(1) (for the purposes of paragraph 26(2)(c)).
- (2) The recalculated transferred adjusted ring fence profits amount for the period is the aggregate of—
- (a) the reduced ARFP amount for the pre-acquisition period (see paragraphs 51 and 52), and
  - (b) the adjusted finance cost amount for the loss period mentioned in paragraph 26(1) (see paragraph 55).
- (3) But if the amount given by taking the steps in sub-paragraph (2) is a negative amount, the recalculated transferred adjusted ring fence profits amount is nil.

###### *“Reduced ARFP amount”*

- 51 (1) To determine the “reduced ARFP amount” for a pre-acquisition accounting period—
- (a) take the activated ARFP amount for the period, and
  - (b) reduce that amount by the amount applied, in relation to the loss period mentioned in paragraph 26(1), in accordance with paragraph 25(2)(b) or (3)(b) for the pre-acquisition accounting period.
- (2) This paragraph is subject to paragraph 52.
- 52 (1) This paragraph (instead of paragraph 51) applies if the percentage specified in section 330(1) of CTA 2010 for the pre-acquisition accounting period mentioned in paragraph 26(1) is greater than 20%.
- (2) To determine the “reduced ARFP amount” for the pre-acquisition accounting period—
- (a) calculate the total of—
    - (i) the activated ARFP amount for the period, and
    - (ii) the ARFP uplift amount for the period (see paragraph 54),

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- (b) reduce the amount given by paragraph (a) by the amount applied, in relation to the loss period mentioned in paragraph 26(1), in accordance with paragraph 25(2)(b) or (3)(b) for the pre-acquisition accounting period.

*“Activated ARFP amount”*

- 53 (1) The “activated ARFP amount” for a pre-acquisition accounting period is the amount equal to—

$$(A/T) \times \text{ARFP}$$

where—

A is the amount applied, in relation to the loss period, in accordance with paragraph 25(2)(b) or (3)(b) for the pre-acquisition accounting period,  
T is the unused transferred profits amount for that period, and

- (2) In sub-paragraph (1), “unused transferred profits amount” has the same meaning as it has for the purposes of Steps 1 and 2 of paragraph 44 (see paragraph 46).
- (3) Sub-paragraph (4) applies if, in respect of an earlier loss period—
- (a) an activated transferred profits amount for the pre-acquisition accounting period mentioned in paragraph 26(1) is applied in accordance with paragraph 25(2)(b) or (3)(b), and
  - (b) a corresponding repayment is determined under paragraph 26(2) (an “earlier repayment”).
- (4) The amount of the transferred adjusted ring fence profits for the pre-acquisition accounting period is treated, for the purposes of sub-paragraph (1), as being reduced by an amount equal to the total of the activated ARFP amounts for that period for the purposes of each earlier repayment.

*“ARFP uplift amount”*

- 54 The “ARFP uplift amount” for a pre-acquisition accounting period is the amount equal to—

$$((SC - 20\%) / SC) \times A$$

where—

SC is the percentage specified in section 330(1) of CTA 2010 for the pre-acquisition accounting period, and

A is the amount applied, in relation to the loss period, in accordance with paragraph 25(2)(b) or (3)(b) for the pre-acquisition accounting period.

*“Adjusted finance cost amount”*

- 55 The “adjusted finance cost amount” for a loss period is the amount equal to—

$$(A/L) \times \text{FC}$$

where—

A is the amount applied, in relation to the loss period, in accordance with paragraph 25(2)(b) or (3)(b) for the pre-acquisition accounting period,

L is the amount of the decommissioning loss in the loss period (see paragraph 23(d)(i) and (ii)), and

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FC is the lower of—

- (a) the amount of the financing costs brought into account under section 330(3) of CTA 2010 for the purposes of determining the purchaser's adjusted ring fence profits for the loss period, and
- (b) the amount of the purchaser's loss in the ring fence trade for the loss period (see paragraph 23(d)(i)).