

## SCHEDULES

### SCHEDULE 17

#### TRANSFERS OF INTERESTS IN OIL FIELDS

##### PART III

##### OTHER RULES

###### *Abortive exploration expenditure*

- 16 (1) Subject to sub-paragraph (2) below, there shall be allowed under section 5 in the case of the new participator, in connection with any field in which an interest is transferred to him by the old participator, any expenditure incurred—
- (a) by the old participator ; or
  - (b) if the old participator is a company, by a company which is within the meaning of that section associated with the old participator in respect of the expenditure,
- if no claim in respect of it has been made under Schedule 7 by the old participator or any such company and the expenditure would be allowable under that section in the case of the new participator if he had himself incurred it.
- (2) Sub-paragraph (1) above—
- (a) does not apply so long as the old participator or, if the old participator is a company, any company associated with the old participator has an interest in a licence; and
  - (b) applies to the new participator only if the transfer to him was the last transfer made by the old participator.
- (3) For the purposes of sub-paragraph (2) above a company is associated with the old participator if—
- (a) one is a 51 per cent, subsidiary of the other and the other is not a 51 per cent, subsidiary of any company ; or
  - (b) each of them is a 51 per cent, subsidiary of a third company which is not itself a 51 per cent, subsidiary of any company ;
- and section 532 of the Taxes Act (subsidiaries) shall apply for the purposes of this sub-paragraph.
- (4) This paragraph is without prejudice to the application of section 5 in cases where the old participator is a company and the new participator is within the meaning of that section a company associated with the old participator in respect of the expenditure in question.