

SCHEDULES

SCHEDULE 15

CHARGEABLE GAINS: OIL ACTIVITIES

PART 1

LICENCE SWAPS

- 1 In section 195A of TCGA 1992 (oil licence swaps), in subsection (1), for “195E” substitute “195F”.
- 2 After section 195E of that Act (company that gives mixed consideration) insert—

“195F Reimbursed expenditure

(1) This section applies if—

- (a) expenditure is incurred by company A or company B (see section 195A) on a licence disposed of by it under a licence-consideration swap or mixed-consideration swap,
- (b) the expenditure is incurred before the disposal,
- (c) the expenditure falls within section 38(1)(b), and
- (d) the expenditure is reimbursed or effectively reimbursed (whether by way of adjustment of the non-licence consideration (if any) or otherwise) by the company (“the other company”) to whom the disposal is made (whether before, on or after the date of the disposal).

(2) The expenditure is to be treated for the purposes of this Act as expenditure —

- (a) incurred by the other company on the licence immediately after the disposal, and
- (b) which falls within section 38(1)(b).”

- 3 (1) Section 196 of that Act (interpretation of sections 194 to 195E) is amended as follows.

(2) In the heading, for “195E” substitute “195F”.

(3) In subsection (1B), for “195E” substitute “195F”.

(4) In subsection (5)—

- (a) for “195E” substitute “195F”, and
- (b) in the definition of “non-licence consideration”, omit “as determined at the time the swap arrangements are entered into”.

(5) For subsection (5B) substitute—

“(5B) Subsections (5C) to (5F) apply for the purposes of sections 195A to 195F.

Status: This is the original version (as it was originally enacted).

(5C) Any determination—

- (a) of the consideration given for disposal A or disposal B,
- (b) of the non-licence consideration, or
- (c) of the value of a licence comprised in disposal A or disposal B,

is to be made as at the time the swap arrangements are entered into.

But this is subject to subsections (5D) to (5F).

(5D) Subsections (5E) and (5F) apply if, under the swap arrangements, economic benefits and liabilities under the licences concerned are treated as passing at a time (“the effective time”) which falls before or after the day on which the arrangements are entered into.

(5E) Any determination—

- (a) of the consideration given for disposal A or disposal B,
- (b) of the non-licence consideration, or
- (c) of the value of a licence comprised in disposal A or disposal B,

is to be made as at the effective time.

(5F) But if the swap arrangements make provision for an increase in the non-licence consideration to reflect the period between the effective time and the time it is payable, the non-licence consideration is to be treated as if it were the amount found by making a corresponding increase in the amount determined under subsection (5E).”

4 The amendments made by this Part of this Schedule have effect in relation to disposals made on or after 23 March 2011.