

Valuation of petroleum in certain circumstances. FA92 s87 696.—(1) Where a person disposes, otherwise than by means of a sale at arm's length, of petroleum acquired by the person by virtue of petroleum activities carried on by the person, then, for the purposes of the Tax Acts the disposal of the petroleum and its acquisition by the person to whom the disposal was made shall be treated as having been for a consideration equal to the market value of the petroleum at the time the disposal was made.

(2) (a) In this subsection, “relevant appropriation”, in relation to any petroleum won or otherwise acquired in the course of the carrying on by a person of petroleum activities, means the appropriation of that petroleum to refining or to any use except use for petroleum extraction activities carried on by the person, and “relevantly appropriated” shall be construed accordingly.

(b) Where a person who carries on in the course of a trade petroleum activities and other activities makes a relevant appropriation of any petroleum won or otherwise acquired by the person in the course of the petroleum activities without disposing of the petroleum, then, for the purposes of the Tax Acts the person shall be treated as having at the time of the appropriation—

(i) sold the petroleum in the course of the petroleum trade carried on by the person, and

(ii) bought the petroleum in the course of a separate trade consisting of the activities other than the petroleum activities,

and as having so sold and bought the petroleum at a price equal to its market value at the time the petroleum was relevantly appropriated.

(3) For the purposes of this section, the market value at any time of any petroleum shall be the price which that petroleum might reasonably be expected to fetch on a sale of that petroleum at that time if the parties to the transaction were independent parties dealing at arm's length.