HMRC - OT04300 - Assessments And Loss Determinations

OTA75\SCH2\PARA10-11

Assessments

PRT assessments made under the main assessing programmes are issued on the last working days in the May and November following the chargeable period to which they relate.

The time limit for an assessment is four years after the end of the chargeable period to which the assessment relates, OTA75\SCH2\PARA10(1A) prior to 1 April 2011 this was six years.

The normal four year time limit may be insufficient to allow an assessment to be made if a participator’s return has been deferred, see OT04120. Where

an extension to the time allowed for the delivery of the participator’s return has been agreed and

the earlier of the time allowed for delivery of the return and the time the return is delivered is more than one year after the end of the chargeable period

OTA75\SCH2\PARA12A therefore extends the time limit for the making of an assessment for the chargeable period to four years from the earlier of

the time allowed for delivery of the return and

the time when the return is delivered.

Loss determinations

During the early periods of field life a participator’s expenditure will generally exceed income. If that is the case a formal loss determination should be made. The loss arising is allowed automatically and without claim as a reduction from the assessable profit of the next and succeeding chargeable periods until it is totally absorbed.

There are also provisions which allow participators to claim the carry back of losses, or when a field has permanently ceased production to claim any losses that cannot be used in another field. See OT16050 on losses generally. There is no time limit for the making of a loss determination.

Previous page

Next page