HMRC - OT05020 - PRT: Computation - Valuation Point And Gross Profit

The reason that market values have to be calculated lies in the definition of Gross Profit;

Gross profit; OTA75\S2(4) and S2(5) \*: for a chargeable period is the difference between the aggregate of the following amounts:

the price received or receivable for any oil disposed of in sales at arm’s length as was delivered in the period (see OT05025),

the aggregate market value of any oil disposed of otherwise than in sales at arm’s length as was delivered in the period (see OT05300),

the aggregate market value of any oil appropriated in the period without being disposed of (see OT05300),

[subsections (ca) and (cb) refer specifically to light gases]

one half of the market value of closing stocks, on the last business day of the Chargeable Period. (see OT05150),

the excess of nominated proceeds (see OT05200),

and one half of the market value of the closing stock for the preceding period, i.e. the opening stock.

Where a disposal is by way of sale then OTA75\SCH3\PARA1 applies to determine whether or not that sale is a sale at arm’s length (see OT05025). A sale which is not at arm’s-length will {#}need to have a market value calculated for it for tax purposes.

Footnote:

As amended by FA94\S236 FA94\Sch23 and FA06\S146, S147, Sch 18 and Sch 26

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