HMRC - OT05220 - Scheme - Time-Limits For Making Nominations

To be effective a nomination must be made within 2 hours of the transaction base time.

Reg. 7 defines Transaction Base Time (TBT) as

“the time (and date) at which there is an agreed price (in the form of a unit price or formula for determination of the price) at which oil is to be delivered pursuant to the contract of sale (irrespective of whether or not a legally binding agreement has come into being).”

Therefore the companies have two hours in which to make a nomination after the time and date on which the price or pricing formula for sale of the oil in question is agreed between the parties.

Note:

It will be for the companies to retain sufficient documentation to demonstrate when this has occurred in respect of any particular proposed transaction. An example of acceptable documentation would be a copy of the (dated and timed) e-mail, fax recording the agreement between the parties.

The reason for the shortened time-limit is to try and remove as far as possible the scope for companies to track the market and only nominate at the bottom of a price cycle whilst avoiding too great a compliance burden upon those companies who will still need to nominate.

However, if evidence were to emerge that two hours is still too long a time and companies were still tax-spinning, LB Oil & Gas would consider the possibility of shortening the time-limit further.

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