HMRC - OT05970 - PRT: Terminal Liftings - Disposal Of Field Interests - Further Provisions (Regulation 8)

Example 1:

Big Fish Plc is selling its interest in Flippers field to Small Fry Ltd (unconnected). The completion date is 30 June. Flippers is part of Pisces blend.

Big Fish has two other field interests in Pisces:

Fin - June Production entitlement 100,000

Scales - June Production entitlement 300,000

Flippers production entitlement for June is 200,000

At 30 June Flippers’ stock position is as follows:

Operational closing stock 40,000

Tax closing stock 100,000

Difference (Tax Closing stock LESS operational Closing stock) = 60,000

Reallocation:

Tax allocated liftings in June

Tax closing stock before adjustment

Tax closing stock after adjustment

Example 2:

Bigger Fish Plc is selling its interest in Fluke field to Smaller Fry Ltd (unconnected). The Completion date is 30 June. Fluke is part of Pisces blend. Bigger Fish has two other field interests in Pisces:

Fin - June production entitlement 100,000

Scales - June production entitlement 300,000

Fluke production entitlement for June is 200,000

At 30 June Fluke’s stock position is as follows:

Operational closing stock 100,000

Tax closing stock 40,000

Difference (Tax Closing stock LESS operational Closing stock) = -60,000

Reallocation:

Tax allocated liftings in June

Tax closing stock before adjustment

Tax closing stock after adjustment

Summary of examples

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