HMRC - OT12700 - PRT: Supplement - Recalculated Net Profit Period

FA81\S111(4)

Field expenditure claimed under OTA75\SCHS5-6 (together with supplement, if appropriate) which is

incurred in, or before, the net profit period

but is allowed in the calculation of the profit or loss of a later chargeable period

is brought back into the net profit period (NPP) calculation if the effect would be to change the NPP.

This however does not apply to expenditure on

brought-in assets (see OT11500) or

mobile assets becoming dedicated to a field (see OT11150)

which is allowed for a claim period beginning after the end of the net profit period.

Expenditure on remote associated assets (see OT11300) is included in the calculations only where they give rise to

tariff receipts, net of tariff receipts allowance under or

disposal receipts

before the end of the NPP identified initially under FA81\S111(2).

If, by reference to reserved expenditure or expenditure under appeal, there is the prospect of changing the NPP, it is important to keep NPP records under regular review in the light of further claim decisions or appeal determinations.

Example

If a participator’s cumulative net profit at the end of 1H00 is £10m (on the basis of expenditure claimed and allowed at that point) and

its 2H00 assessment includes assessable profits of £30m after relief for expenditure of £20m incurred in 2H99,

the NPP will move forward to 2H00. The £20m will turn the original cumulative profit of £10m into a loss of the same amount.

Previous page

Next page