HMRC - OT13525 - Foreign Field Assets –Tariff And Disposal Receipts

Where a participator in a foreign field (OT13510) owns a non-mobile asset or an interest in such an asset, which is situated in the UK, the UK Continental Shelf, or a designated area, and that asset would have been a chargeable asset if the foreign field had been a UK field, then OTA83\S12 and OTA83\Sch4 bring into charge for PRT:

tariffs for the UK use of the asset i.e. in connection with the exploration or exploitation of natural resources within the UKCS or a designated area.

tariffs for the provision of services or business facilities in connection with such UK use of the asset.

disposal receipts for any assets so used or expected to be used.

A long term associated asset (see OT11250) is treated as a foreign field asset if it is used in association with a foreign field asset and gives rise to receipts as a result of UK field use.

This charge applies to any entitlement to receipts arising after 30 June 1982. It would include for example the use by a UK field of a pipeline or a platform situated on the UK Continental Shelf, where the whole of the asset or an interest in it is owned by participators in a foreign field, including the non-UK part of a transmedian field.

Chargeable period

OTA83\SCH4 applies the same assessing procedures used for UK fields to such receipts. (See OT04005)

OTA83\SCH4\PARA7(1) defines a chargeable period for a foreign field as every half year beginning on or after 1 July 1982. The chargeable period in which chargeable receipts are taxable is that in which the disposal takes place or the tariff receipts are received or receivable by the participator in the foreign field.

Expenditure

Expenditure is allowed if it relates to a field asset that gives rise, or is expected to give rise, to chargeable receipts and is incurred to that end, or to enhance the value of the asset with a view to its disposal (or the disposal of an interest in it). To the extent that expenditure is not wholly for this purpose it is to be apportioned in a just and reasonable manner (OTA83\Sch 4\Para 10).

Tariff Receipts Allowance

TRA is available to the participator in the foreign field on payments qualifying as chargeable tariff receipts in the same way as to any UK field participator.

Connected Persons - Anti-avoidance

The anti-avoidance provisions of OTA83\Sch2\Paras 2 and 11 do not run if the effect would be to treat a chargeable receipt of a participator in a foreign field as a tariff or disposal receipt of a participator in a UK field, or vice versa (OTA83\Sch4\Paras4-5).

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