HMRC - OT13790 - PRT: Non-Field Expenditure - Prevention Of Double Allowance

Under OTA75\S5(3) no abortive exploration expenditure is allowable if it has already been allowed under OTA75\SCH7 in connection with any field.

There are similar provisions in OTA75\S5A(6) and OTA75\S5B(5), with regard to, respectively, exploration and appraisal (E&A) and research, which prevent the allowance of such expenditure where it has already been allowed under OTA75\SCH5 (Responsible Person claims), OTA75\SCH6 (‘trade secrecy’ participator claims) or OTA75\SCH7. The extension to take account of OTA75\SCHS5-6 is not necessary for abortive exploration given that by definition the expenditure cannot be abortive if it has already been claimed in a field, see OT13960.

Schedule 5\Schedule 7 interface

OTA75\S3(3) works in reverse. Expenditure cannot be allowed in any field under OTA75\SCHS5-6 if it has already been allowed in that or any other field under either of those Schedules or under OTA75\SCH7.

However, the subsection also provides that there is nothing to prevent a claim being made under OTA75\SCH5 by the Responsible Person in a field for E&A and research expenditure that has already been claimed by one or more of the participators in that field, provided that the OTA75\SCH5 expenditure is not claimed by the participator who made the OTA75\SCH7 claim. This provision was designed to protect participator confidentiality, but is no longer of practical application.

Where a double claim has been made in the past in accordance with OTA75\S3(3), LB Oil & Gas is prepared, if required, to discuss with the participators appropriate ways of preserving taxpayer confidentiality. Various means of doing this are considered at OT04450.

Previous page

Next page