HMRC - OT13810 - PRT: Non-Field Expenditure - Associated Company Claims

OTA75\S5(1)(a) in the case of abortive exploration and OTA75\S5A(1)(a) in the case of exploration and appraisal permit such expenditure to be included in a participator’s claim if it is incurred

either by the participator, or

where the participator is a company, by a company ‘associated’ with the participator.

‘Associated’ for these purposes is defined in OTA75\S5(7)-(8), which are applied to OTA75\5A by virtue of OTA75\S5A(4). The requirement is that throughout the part of the ‘relevant period’ in which both companies were in existence,

one was the ultimate 51% parent of the other

or both had the same ultimate 51% parent.

The relevant period begins on the date immediately preceding that on which the expenditure was incurred and ends on whichever of the following periods ends later

(i) the earliest chargeable period in which the claimant company was a participator in the field against which the OTA75\SCH7 claim is lodged and

(ii) the chargeable period (for that field) in which the expenditure was incurred.

ICTA\S838 applies to define the 51% parent-subsidiary relationship.

There are similar provisions relating to claims for unrelievable field losses under OTA75\SCH8, see OT16250.

However, in the case of research, OTA75\S5B does not include a provision enabling relief to be given for expenditure incurred by a company associated with the claimant participator company. See OT14140 for more detail.

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