HMRC - OT16260 - Losses - Unrelievable Field Losses - Link To Chargeable Periods

OTA75\S6 provides that there should be one claim for the full Unrelievable field losses (UFL) arising in a chargeable period, even though it may displace oil allowance or create a loss in the field of claim. The loss cannot be claimed partly in one field and partly in another. If a determined loss of say £12m in the loss-making field is amended to say £13m, the UFL is automatically changed to £13m, even though the claim is for a different amount and the claimant may not wish the claim increased.

Each chargeable period of six months is considered separately, so that if a loss arises, it is not aggregated with the loss of another period, but stands to be relieved as a separate amount, either as a loss carried forward or back, or as a UFL. Hence, more than one UFL can arise in a single field.

If a field is determined, but the winning of oil from it permanently ceases before cumulative production is sufficient to trigger the first chargeable period (see OT04005), it is still possible to have a loss determined as a UFL available for relief in another field. OTA75\S6(2) provides that the first chargeable period runs until the end of the half-year in which the permanent cessation of winning oil occurred.

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