HMRC - OT18131 - PRT: Transfer Of Licence Interests - Terminal Losses: Example 1

Participator A has a 100% interest in Field Z. A transfers a 50% interest to B and a 50% interest to C. C subsequently transfers his interest to D. The loss accruing to D that is not relievable against its own profits is 1200. The remaining loss is utilised as follows:

Participator C: the whole of the interest held by C is comprised in D’s interest so all of C’ s assessable profits are attributable to its represented interest.

Participator B: none of B’s interest is comprised in D’s interest so none of B’s assessable profits are attributable to a represented interest.

Participator A: 50% of the interest held by A is comprised in D’s interest so 50% of A’ s assessable profits are attributable to its represented interest.

D’s UFL is 200 (remaining loss 1200 less amounts relieved against the assessable profits of A and C).

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