HMRC - OT18132 - PRT: Transfer Of Licence Interests - Terminal Losses: Example 2

The facts are the same as in Example 1 (See OT18131) except that A’s assessable profits are net of unrelated field expenditure of 100 and C ’s assessable profits are net of unrelated field expenditure of 120.

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 as is the 120 unrelated field expenditure.

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 as is 50% of the unrelated field expenditure.

D’s UFL is 30: excess of loss remaining after relieving A and C profits, 200 over aggregate unrelated field expenditure 170 (A + C, 50 + 120).

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