HMRC - OT18133 - PRT: Transfer Of Licence Interests - Terminal Losses: Example 3

Participator A had a 100% interest in Field Z. A transferred a 50% interest to B in 2002 and a 50% interest to C in 2003. B transferred its 50% interest to D on 16 March 2004. C transferred its 50% interest to D on 18 March 2004. D subsequently makes a loss of 1200 that cannot be used against D’s own profits.

As D is a NP in relation to two OPs the loss is apportioned between the interest derived from B and the interest derived from C (600 each).

Participator C: the whole of the interest held by C is comprised in D’s interest so C’s assessable profits of 300 are attributable to its represented interest. The loss utilised is therefore 300 leaving a loss remaining of 300.

Participator B: the whole of the interest held by B is comprised in D’s interest so B’s assessable profits of 200 are attributable to its represented interest. The loss utilised is therefore 200 leaving a loss remaining of 400.

Participator A: B transferred its 50% interest to D on 16 March 2004 having acquired it from A. So B is the OP in relation to D before 17 March 2004 and also the NP in relation to A before 17 March 2004. A’s 500 assessable profits relating to the interest transferred to B are not therefore relievable. C transferred its 50% interest to D after 17 March 2004 so the remaining loss after the utilisation by C of 300 is relievable against A’s 500 assessable profits relating to the interest comprised in D’s interest.

D’s UFL is 400 (loss remaining of 1200 less 800 relieved against A, B and C profit).

Previous page

Next page