HMRC - OT18160 - PRT: Transfer Of Licence Interests - Long-Term Asset Disposals

FA80\SchCH17\Para19

This paragraph prevents

a charge on a disposal receipt, OT15060,

or an expenditure claw back in the case of a non-dedicated mobile asset, see OT11100.

Where the disposal by the old participator (OP) of an asset to the new participator (NP) is a consequence of the transfer by OP to NP of an interest in the field. Disposals and acquisitions by ‘connected parties’ of OP and NP respectively are equally covered - the definition of ‘connected’ follows that in ICTA88\S839.

Likewise NP cannot have a deduction for the expenditure it incurs either on acquiring a field interest (OTA75\S3(4)(e), see OT09550) or on acquiring field assets on transfer. OA75\SCH4\PARA1 prevents a deduction for the cost of acquiring a field asset where someone else’s prior expenditure on the same asset is allowable for the field. (OTA83\S5(4) disapplies paragraph 1 generally, but retains it when expenditure on an asset does not constitute a tariff or disposal receipt in the hands of the seller.)

Anti-Avoidance

FA99\S98 ensures that a PRT charge remains on tariffs and disposal receipts in relation to the field where a disposal is effected by separating infrastructure from the field, (see OT15150).

Previous page

Next page