HMRC - OT18190 - PRT: Transfer Of Licence Interests - Net Profit Period

Net Profit Period, FA81\S112

In determining the new participator’s net profit period (FA81\S111, see OT12650) following a transfer of a field interest, one must take the earlier of

its own net profit period (on the assumption that all (or an appropriate part in the case of a part-transfer) of the old participator’s (OP) assessable profits and allowable losses had been its own) and

OP’s net profit period or, if there are several OPs, the earliest of their net profit periods.

On a part transfer, OP’s net profit period is recalculated, following the transfer to NP of part of its assessable profits and allowable losses.

If NP were already a participator and had reached its net profit period in relation to its original interest in a chargeable period before it acquired OP’s interest, then the timing of OP’s net profit period is ignored (FA81\S112(5)).

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