HMRC - OT26750 - Production Sharing Contracts - Ownership Terms

CAA01\S167(1)(b) further qualifies the type of contract which triggers the rules on deemed ownership by reference to the ownership conditions that the contract imposes in relation to plant and machinery used to perform the contractual activities.

The contract has to be one where the ownership of the plant and machinery passes from the contractor to the overseas government or its representative.

The reference to “…plant or machinery of a description so specified in the contract which…” is there to ensure that the clause is limited to plant and machinery where ownership is a problem. The clause does not, for example, extend to assets which the contractor leases from third parties in cases where the PSC makes it clear that ownership of such assets remains vested in the lessor.

HMRC has confirmed that the use of this phrase to define the limits of coverage of the clause does not mean that the contract has to contain a detailed list of plant and machinery to which it applies, nor that the contractor has to supply HMRC with such a list for each contract.

Previous page

Next page