HMRC - OT26780 - Production Sharing Contracts - The Pool Value On Migration Into The UK

CAA01\S13 restricts the amount qualifying for relief to the lower of cost or market value at the date on which the plant is brought into use for the trade.

If the date of migration precedes the date on which ownership of the plant passes to the host government, then the plant and machinery will belong fully to the contractor at that point and, if market value is the appropriate measure, then market value will be the normal open market value of the plant itself.

If ownership of the plant has passed to the host government before the date of migration, then the deemed ownership will run from the date of migration and the plant and machinery will be brought into use for the purpose of a qualifying activity at that point.

Note

Any stream of cost recovery oil will be brought in as trading income as it is received in the normal way.

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