HMRC - OT30023 - Farm Outs - Production

The consideration for the disposal of an interest in a producing field is generally in the form of cash or shares.

However, it may also include the Farmer in granting a residual or subordinated interest in the oil production relating to the proportionate interest required, or paying a consideration dependent wholly or partly, on the extent of future field production.

See the general guidance at CG14850 + for the potential capital gains tax consequences of deferred consideration.

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