HMRC - OT30075 - Computational Points - Full Disposal, No Cash Consideration

Where there is a licence swap, or the disposal of an entire interest in a licence by means of a farm out, to which TCGA92\S194 applies, and there is no other consideration (e.g. cash), the deemed Nil consideration will mean that no chargeable gain can arise but the disposal may still produce an allowable loss.

TCGA92\S41 will operate to exclude expenditure in calculating losses to the extent of any capital allowances which have been, or may be, made for it.

As CAA01\S553 deems Nil consideration for capital allowances purposes on disposals equivalent to those within TCGA92\S194, all unrelieved qualifying expenditure on the licence interest (or part of it) disposed of will qualify for a balancing allowance.

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