HMRC - OT30133 - Licence Swaps - Disposals Made Before 22 April 2009

Where Licence interests are swapped and they do not both relate to undeveloped areas in the UK or UK Continental Shelf (see OT30040, TCGA92\S194) they will need to be valued (subject to the provisions relating to transfers within a group, TCGA92\S171).

Where the parties have put a value on the consideration passing between them and it has been honestly reached, then that value will be used on the basis of the judgement in Stanton v Drayton Commercial Investment Co Ltd (55TC286).

Where no such values have been placed on the assets in an arm’s length transaction, and in relation to each party, then the disposal proceeds for the asset disposed of are the consideration received, and the cost of the asset acquired is the amount or value of the consideration given wholly and exclusively for the acquisition (TCGA92\S38(1)(a)).

In a non arm’s length transaction, and in relation to each party, the disposal proceeds for the asset disposed of are the market value of that asset (TCGA92\S17) and the cost of the asset acquired is the market value of that asset (TCGA92\S17).

For valuation of oil assets and Post Transaction Valuations, see OT30300.

For disposals on or after 22 April 2009 see OT30136.

Previous page

Next page