

SCHEDULES

SCHEDULE 6

TAXATION OF CAPITAL ELEMENT IN MINERAL ROYALTIES

PART II

TERMINAL LOSS RELIEF

- 4 (1) Subject to sub-paragraph (2) below, on the expiry or termination of a mineral lease or agreement the taxpayer shall, if he makes a claim in that behalf, be treated for purposes of capital gains tax, or as the case may be corporation tax on chargeable gains, as if he had disposed of and immediately re-acquired the relevant interest for a consideration equal to its market value, but without prejudice to the operation of section 33 of the Finance Act 1967 (amount of chargeable gain calculated by reference to current use value unless the taxpayer elects to the contrary).
- (2) A claim may not be made under this paragraph—
- (a) if the expiry or termination of the mineral lease or agreement is also a relevant event falling within paragraph 3(2)(b) above; nor
 - (b) unless, on the notional disposal referred to in sub-paragraph (1) above, an allowable loss would accrue to the taxpayer.
- (3) In the following provisions of this Part of this Schedule "the terminal loss ", in relation to a relevant event in respect of which a claim is made under this paragraph, means the allowable loss which accrues to the taxpayer by virtue of the notional disposal occurring on that relevant event by virtue of sub-paragraph (1) above.