

## SCHEDULES

### SCHEDULE 5

Sections 3 and 4.

#### ALLOWANCE OF EXPENDITURE (OTHER THAN ABORTIVE EXPLORATION EXPENDITURE)

##### *Claim periods and claims*

- 1 (1) In relation to any oil field—
- (a) the first claim period is whichever of the following periods the responsible person elects, namely the period ending at the end of June following the determination of the field or the period ending at the end of December following that determination (including, in either case, an unlimited time prior to that determination);
  - (b) each subsequent claim period is whichever of the following periods the responsible person elects, namely the period of six months or the period of twelve months from the end of the preceding claim period:

Provided that unless and until the responsible person elects the period of six months from the end of any particular claim period, the claim period next after that claim period shall be taken to be the period of twelve months from the end of it.

- (2) An election under this paragraph must be made by notice in writing to the Board.
- 2 (1) A claim under this Schedule for the allowance of any expenditure allowable under section 3 or 4 of this Act for an oil field must be made by the responsible person to the Board and, subject to the provisions of this Part of this Act, must be made in a claim or claims for the claim period in which the expenditure is incurred, but may not be made before the determination of the field or more than six years after the end of the claim period in which the expenditure is incurred.
- (2) A claim under this Schedule for the allowance of any expenditure allowable under section 3 or 4 of this Act for an oil field which was incurred by a person before he became a participator in the field must be made in a claim for the claim period in which he became a participator.
- (3) A claim under this Schedule shall not include any expenditure allowable under section 3 or 4 of this Act which has been included in a claim under Schedule 6 to this Act.
- (4) A claim must state—
- (a) what part (if any) of the expenditure is claimed as qualifying for supplement under section 2(9)(b)(ii) of this Act; and
  - (b) the shares in which, in accordance with their respective interests in the oil field, the participators propose to divide between them, for the purposes of paragraph (b) of section 2(9) of this Act, the expenditure allowed on the claim and the amount which will arise under sub-paragraph (ii) of that paragraph if some or all of that expenditure is allowed on the claim as so qualifying.

- (5) Where a claim for the allowance of any expenditure under section 4 of this Act for an oil field was made in relation to any asset for the claim period which, in the case of that asset, is the first relevant claim period (as defined in that section), then any claim with respect to that field made under this Schedule for any subsequent claim period must give all such information as is relevant for the purpose of enabling the Board to carry into effect the provisions of that section in relation to that asset.
- (6) A claim must be in such form as the Board may prescribe and must include a declaration that all statements contained in it are correct to the best of the knowledge and belief of the person making the claim.
- 3 (1) The Board shall by notice in writing to the responsible person inform him of their decision on the claim, stating in the notice—
- (a) the amount of the expenditure allowed by them on the claim ;
  - (b) the amount, if any, of that expenditure allowed by them on the claim as qualifying for supplement under section 2(9)(b)(ii) of this Act; and
  - (c) the shares determined by the Board to be the shares in which, in the opinion of the Board, the amount stated under (a) above or, as the case may be, the aggregate of that amount and an amount equal to the relevant percentage of the amount stated under (b) above, is divisible between the participators for the purposes of section 2(9)(b) of this Act;
- and where the decision relates to part only of the expenditure claimed, or claimed as so qualifying, the Board shall give a further notice or notices in relation to the remainder.
- (2) In this paragraph "the relevant percentage" means the percentage mentioned in the said section 2(9)(b)(ii).
- 4 If, in a case where sub-paragraph (5) of paragraph 2 above requires a claim made for a particular claim period to give all such information as is relevant for the purpose there mentioned in relation to an asset, a claim satisfying the requirements of that sub-paragraph is not made within twelve months after the end of that period, then, in carrying into effect the provisions of section 4 of this Act in relation to that asset for that claim period, the Board may proceed according to the best of their judgment, and may make any adjustments under any of the provisions mentioned in paragraph 6(2) of Schedule 4 to this Act accordingly.

### *Appeals*

- 5 (1) If—
- (a) the amount or total of the amounts stated under sub-paragraph (1)(a) of paragraph 3 above in the notice or notices given by the Board under that paragraph on a claim, or the amount or total of the amounts so stated under sub-paragraph (1)(b) of that paragraph, is less than the amount claimed ; or
  - (b) the shares so stated under sub-paragraph (1)(c) of that paragraph in the notice or latest of the notices so given differ from the shares stated under paragraph 2(4)(b) above in the claim,
- the responsible person may by notice in writing given to the Board not more than three years after the making of the claim appeal to the Special Commissioners ; but the bringing of an appeal under this paragraph shall not affect the operation of any notice so given by the Board.

- (2) On an appeal against a decision on a claim brought on the ground mentioned in sub-paragraph (1)(b) above, and in any proceedings arising out of such an appeal, any participator in the oil field to which the claim relates shall be entitled to appear and be heard.
- (3) An appeal against a decision on a claim may at any time be abandoned by a notice in writing given to the Board by the responsible person.
- (4) On an appeal against a decision on a claim, the Special Commissioners may vary the decision appealed against whether or not the variation is to the advantage of all or any of the participators in the oil field to which the claim relates.
- 6 (1) Where the responsible person gives notice of appeal against a decision on a claim on one or both of the grounds mentioned in paragraph 5(1)(a) above and, before the appeal is determined by the Special Commissioners, the Board and the responsible person agree on—
- (a) the amount of the expenditure that ought to be allowed on the claim ; or
  - (b) the amount, if any, of the expenditure claimed which ought to be so allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act,
- the appropriate amount (if any) of the expenditure claimed or, as the case may be, claimed as so qualifying shall be treated for the purposes of this Part of this Act as having been allowed by the Board on the claim, and as having been so allowed on the date on which the notice of appeal was given.
- For the purposes of this sub-paragraph the appropriate amount (if any) of the expenditure claimed or, as the case may be, claimed as so qualifying, is an amount thereof equal to the excess, if any, of the amount so agreed on over the corresponding amount or the total of the corresponding amounts allowed by the notice or notices previously given by the Board under paragraph 3 above.
- (2) Where the responsible person gives notice of appeal against a decision on a claim on the ground mentioned in paragraph 5(1)(b) above and, before the appeal is determined by the Special Commissioners, the Board and the responsible person agree on the shares in which the amount of any expenditure allowed on the claim, or so allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act, ought to be divided between the participators for the purposes of section 2(9)(b) of this Act, the shares so agreed on shall be deemed to be the shares stated in any notice previously given by the Board under paragraph 3 above on the claim, and shall apply in the case of any part of the expenditure claimed, or claimed as so qualifying, which is by virtue of this or the following paragraph treated as having been allowed on the claim.
- (3) Where the Board and the responsible person agree on the matter mentioned in sub-paragraph (1)(a), sub-paragraph (1)(b) or sub-paragraph (2) above in the circumstances there mentioned, the corresponding ground of appeal shall be treated as having been abandoned; and where by virtue of this sub-paragraph all the grounds of the appeal fall to be so treated, the appeal itself shall be treated as having been abandoned.
- 7 (1) Where on an appeal under paragraph 5 above the Special Commissioners determine that any amount or part of an amount in dispute is allowable under section 3 or 4 of this Act or qualifies for supplement under section 2(9)(b)(ii) of this Act, the following provisions of this paragraph shall apply.

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*Status: This is the original version (as it was originally enacted).*

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- (2) Subject to paragraph 8(2) below, the said amount or part shall be treated for the purposes of this Part of this Act as having been allowed on the claim to which the appeal relates, and as having been so allowed on the date on which the notice of appeal was given.
- (3) There shall be made in any computation made under section 2 of this Act, and in any assessment to tax or determination, all such adjustments as are necessary in consequence of the determination of the Special Commissioners.
- 8 (1) Where—
- (a) a case for the opinion of the court is stated under section 56 of the Taxes Management Act 1970 (as applied by paragraph 1 of Schedule 2 to this Act) in respect of a determination by the Special Commissioners on an appeal under paragraph 5 above ; and
  - (b) in the proceedings on the case so stated, or in any proceedings arising out of those proceedings, any matter which was determined by the Special Commissioners on that appeal is finally determined otherwise than in accordance with their determination on that appeal,
- the following provisions of this paragraph shall apply.
- (2) Any expenditure allowable under section 3 or 4 of this Act, which, if the decision of the Board on the claim to which the appeal under paragraph 5 above related had been in accordance with the final determination of that matter, would have been allowed by that decision, or allowed by it as qualifying for supplement under section 2(9)(b)(ii) of this Act, shall be treated for the purposes of this Part of this Act as having been allowed by the Board on the claim to the extent that it has not been previously allowed on the claim, and as having been so allowed to that extent on the date on which the original notice of appeal was given under paragraph 5 above.
- (3) There shall be made in any computation made under section 2 of this Act and in any assessment to tax or determination all such adjustments or further adjustments as are necessary in consequence of the final determination.
- (4) Any tax which becomes payable in consequence of any adjustment made under sub-paragraph (3) above in an assessment for a chargeable period shall carry interest at the rate of 9 per cent, per annum from four months after the end of that period to the date of payment.
- (5) For the purposes of this paragraph a matter shall not be deemed to be finally determined in any such proceedings as are mentioned in sub-paragraph (1)(b) above until a determination thereof made in any such proceedings can no longer be varied or overruled by the order of any court.