



Finance Act 1990

1990 CHAPTER 29

PART II

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

CHAPTER I

GENERAL

Oil industry

63 Disposals of certain shares deriving value from exploration or exploitation assets or rights

(1) In Schedule 8 to the Finance Act 1988 (capital gains: assets held on 31st March 1982) in paragraph 12 (certain disposals excluded from elections under section 96(5) of that Act), in sub-paragraph (2) at the end of paragraph (c) there shall be inserted “or

(d) shares which, on 31st March 1982, were unquoted and derived their value, or the greater part of their value, directly or indirectly from oil exploration or exploitation assets situated in the United Kingdom or a designated area or from such assets and oil exploration or exploitation rights taken together”.

(2) After the said sub-paragraph (2) there shall be inserted the following sub-paragraphs—

“(2A) For the purposes of sub-paragraph (2)(d) above,—

- (a) “shares” includes stock and any security, as defined in section 254(1) of the Taxes Act 1988; and
- (b) shares (as so defined) were unquoted on 31st March 1982 if, on that date, they were neither quoted on a recognised stock exchange nor dealt in on the Unlisted Securities Market;

Status: This is the original version (as it was originally enacted).

but nothing in this paragraph affects the operation, in relation to such unquoted shares, of sections 77 to 81 of the Capital Gains Tax Act 1979 (under which, on a reorganisation etc., a new holding may fall to be treated as the same asset as the original shares).

(2B) In sub-paragraph (2)(d) above—

“designated area” means an area designated by Order in Council under section 1(7) of the Continental Shelf Act 1964;

“oil exploration or exploitation assets” shall be construed in accordance with sub-paragraphs (2C) and (2D) below; and

“oil exploration or exploitation rights” means rights to assets to be produced by oil exploration or exploitation activities (as defined in sub-paragraph (2D) below) or to interests in or to the benefit of such assets.

(2C) For the purposes of sub-paragraph (2)(d) above an asset is an oil exploration or exploitation asset if either—

- (a) it is not a mobile asset and is being or has at some time been used in connection with oil exploration or exploitation activities carried on in the United Kingdom or a designated area; or
- (b) it is a mobile asset which has at some time been used in connection with oil exploration or exploitation activities so carried on and is dedicated to an oil field in which the company whose shares are disposed of by the disposal or a person connected with that company, within the meaning of section 839 of the Taxes Act 1988, is or has been a participator;

and, subject to sub-paragraph (2D) below, expressions used in paragraphs (a) and (b) above have the same meaning as if those paragraphs were included in Part I of the Oil Taxation Act 1975.

(2D) In the preceding provisions of this paragraph “oil exploration or exploitation activities” means activities carried on in connection with—

- (a) the exploration of land (including the seabed and subsoil) in the United Kingdom or a designated area, as defined in sub-paragraph (2B) above, with a view to searching for or winning oil; or
- (b) the exploitation of oil found in any such land;

and in this sub-paragraph “oil” has the same meaning as in Part I of the Oil Taxation Act 1975.”

(3) The amendments made by subsections (1) and (2) above have effect with respect to disposals on or after 22nd January 1990.

(4) Notwithstanding that, apart from this subsection, an election under section 96(5) of the Finance Act 1988 is irrevocable, where—

- (a) such an election has been made before 22nd January 1990, and
- (b) apart from subsection (1) above, the assets to the disposal of which the election would apply include assets falling within paragraph 12(2)(d) of Schedule 8 to the Finance Act 1988 (as set out in subsection (1) above),

the election may be revoked by notice in writing given to the inspector before 1st January 1991 by the person by whom the election was made.