
*Changes to legislation: There are currently no known outstanding effects
for the Finance Act 2019, PART 5. (See end of Document for details)*

SCHEDULES

SCHEDULE 15

OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

PART 5

TTH ACTIVATION

TTH activation event

- 30 (1) A TTH activation event occurs in relation to the TTH asset if—
- (a) the winning of oil from the TTH oil field has permanently ceased, and
 - (b) at the end of a post-acquisition accounting period of the purchaser, the total decommissioning expenditure amount exceeds the total net profits amount.
- (2) The “total decommissioning expenditure amount” is the relevant proportion of the total of the decommissioning expenditure amounts (see paragraph 31) attributable to the TTH oil field, in respect of which an allowance or allocation is made to the purchaser, for—
- (a) the period mentioned in sub-paragraph (1)(b), and
 - (b) each preceding accounting period which is a post-acquisition accounting period.
- (3) The “total net profits amount” is the aggregate of the tracked profit or loss amounts (see paragraphs 64 and 65) attributable to the TTH asset for—
- (a) the period mentioned in sub-paragraph (1)(b), and
 - (b) each preceding accounting period which is a post-acquisition accounting period.
- (4) But if the aggregate of the tracked profit or loss amounts attributable to the TTH asset for the periods mentioned in sub-paragraph (3)(a) and (b) is a negative amount, the total net profits amount is nil.
- (5) In this paragraph, “the relevant proportion” means the proportion that the interest in the TTH oil field which is the TTH asset bears to the purchaser’s other interests in the TTH oil field or, if the proportion cannot reasonably be determined on that basis, such other proportion determined on a just and reasonable basis.

Decommissioning expenditure amount

- 31 The “decommissioning expenditure amount” attributable to the TTH oil field for an accounting period, is the total of each of the following amounts attributable to the field for the post-acquisition accounting period—
- (a) the special allowance amount,
 - (b) the post-cessation expenditure amount, and

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- (c) the restoration expenditure amount.
- 32 (1) The “special allowance amount” for an accounting period is the amount of a special allowance made under section 164 of CAA 2001 (general decommissioning expenditure incurred before cessation of ring fence trade) for that period.
- (2) A special allowance amount is attributable to the TTH oil field so far as the expenditure in respect of which the allowance is made is expenditure incurred on decommissioning plant or machinery brought into use for the purposes of oil-related activities carried on wholly or partly in direct connection with the field.
- 33 (1) The “post-cessation expenditure amount” for an accounting period is the amount that, under section 165(3)(a) of CAA 2001 (general decommissioning expenditure after ceasing ring fence trade), is allocated to the appropriate pool for that period.
- (2) A post-cessation expenditure amount is attributable to the TTH oil field so far as the general decommissioning expenditure in respect of which the amount is allocated is expenditure incurred on decommissioning plant or machinery brought into use for the purposes of oil-related activities carried on wholly or partly in direct connection with the field.
- 34 (1) The “restoration expenditure amount” for an accounting period is the amount that is treated as qualifying expenditure under section 416ZA of CAA 2001 (ring fence trades: expenditure on site restoration) for that period.
- (2) A restoration expenditure amount is attributable to the TTH oil field if the qualifying expenditure is incurred in relation to the field.
- 35 For the purposes of paragraphs 32(2), 33(2) and 34(2), expenditure for an accounting period is to be apportioned between the TTH oil field and other oil fields (or parts of oil fields) on a just and reasonable basis.

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