
Changes to legislation: Finance Act 2011, SCHEDULE 15 is up to date with all changes known to be in force on or before 20 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

SCHEDULE 15

Section 64

CHARGEABLE GAINS: OIL ACTIVITIES

PART 1

LICENCE SWAPS

- 1 In section 195A of TCGA 1992 (oil licence swaps), in subsection (1), for “195E” substitute “ 195F ”.
- 2 After section 195E of that Act (company that gives mixed consideration) insert—

“195F Reimbursed expenditure

- (1) This section applies if—
- (a) expenditure is incurred by company A or company B (see section 195A) on a licence disposed of by it under a licence-consideration swap or mixed-consideration swap,
 - (b) the expenditure is incurred before the disposal,
 - (c) the expenditure falls within section 38(1)(b), and
 - (d) the expenditure is reimbursed or effectively reimbursed (whether by way of adjustment of the non-licence consideration (if any) or otherwise) by the company (“the other company”) to whom the disposal is made (whether before, on or after the date of the disposal).
- (2) The expenditure is to be treated for the purposes of this Act as expenditure —
- (a) incurred by the other company on the licence immediately after the disposal, and
 - (b) which falls within section 38(1)(b).”
- 3 (1) Section 196 of that Act (interpretation of sections 194 to 195E) is amended as follows.
- (2) In the heading, for “195E” substitute “ 195F ”.
- (3) In subsection (1B), for “195E” substitute “ 195F ”.
- (4) In subsection (5)—
- (a) for “195E” substitute “ 195F ”, and
 - (b) in the definition of “non-licence consideration”, omit “as determined at the time the swap arrangements are entered into”.
- (5) For subsection (5B) substitute—
- “(5B) Subsections (5C) to (5F) apply for the purposes of sections 195A to 195F.

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(5C) Any determination—

- (a) of the consideration given for disposal A or disposal B,
- (b) of the non-licence consideration, or
- (c) of the value of a licence comprised in disposal A or disposal B,

is to be made as at the time the swap arrangements are entered into.

But this is subject to subsections (5D) to (5F).

(5D) Subsections (5E) and (5F) apply if, under the swap arrangements, economic benefits and liabilities under the licences concerned are treated as passing at a time (“the effective time”) which falls before or after the day on which the arrangements are entered into.

(5E) Any determination—

- (a) of the consideration given for disposal A or disposal B,
- (b) of the non-licence consideration, or
- (c) of the value of a licence comprised in disposal A or disposal B,

is to be made as at the effective time.

(5F) But if the swap arrangements make provision for an increase in the non-licence consideration to reflect the period between the effective time and the time it is payable, the non-licence consideration is to be treated as if it were the amount found by making a corresponding increase in the amount determined under subsection (5E).”

4 The amendments made by this Part of this Schedule have effect in relation to disposals made on or after 23 March 2011.

PART 2

REINVESTMENT OF RING FENCE ASSETS

5 After section 198H of TCGA 1992 (acquisition by member of same group) insert—

“198I Exploration, appraisal and development expenditure

(1) The incurring of exploration, appraisal and development expenditure in the course of a ring fence trade is to be treated for the purposes of sections 198A to 198H as the acquisition of assets—

- (a) which are the new assets mentioned in section 152,
- (b) which are taken into use, and used only, for the purposes of the ring fence trade,
- (c) which are oil assets, and
- (d) which fall within the classes of assets listed in section 155.

(2) The reference in subsection (1) to sections 198A to 198H includes sections 152, 153, 175 and 198(1) so far as they apply for the purpose of determining whether a disposal and acquisition qualifies for roll-over relief or section 153 relief (within the meaning given in section 198F or 198G).

(3) Section 198C has effect in relation to expenditure within subsection (1) of this section as if subsection (5) of that section were omitted.

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- (4) References in this section to exploration, appraisal and development expenditure are to expenditure on oil and gas exploration, appraisal and development activities which is treated as such under generally accepted accounting practice.
- (5) Nothing in this section affects sections 152, 153, 175 and 198(1) so far as they apply otherwise than for the purposes of sections 198A to 198H.
- (6) In this section—
“oil asset” has the meaning given in section 198E(5);
“ring fence trade” has the meaning given in section 198.”
- 6 The amendment made by this Part of this Schedule has effect in relation to disposals made on or after 24 March 2010 (whether the deemed acquisition takes place before, on or after that date).

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- Sch. 23 para. 45(1)(ia) inserted by [2017 c. 10 Sch. 11 para. 6\(3\)](#)
- Sch. 23 para. 2(1A) inserted by [S.I. 2019/397 reg. 2\(2\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)
- Sch. 23 para. 15A inserted by [S.I. 2019/397 reg. 2\(3\)](#) (This amendment not applied to legislation.gov.uk. Amending Regulations revoked on IP completion day by S.I. 2020/1544, regs. 1, 8; S.I. 2020/1641, reg. 2, Sch.)