

SCHEDULES

SCHEDULE 15

OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

PART 6

ALLOCATION OF ACTIVATED TTH AMOUNT

Application of this Part

- 36 This Part of this Schedule applies if a TTH activation event occurs in relation to the TTH asset.
- 37 In this Schedule—
- (a) “first activation period” means the first post-acquisition accounting period of the purchaser in which a TTH activation event occurs, and
 - (b) “post-activation period” means a subsequent accounting period of the purchaser.

“Total activated TTH amount”

- 38 The “total activated TTH amount” held by the purchaser for a loss period which is the first activation period is the lower of—
- (a) the amount by which, at the end of that period, the total decommissioning expenditure amount exceeds the total net profits amount (see paragraph 30), and
 - (b) the total TTH amount.
- 39 The “total activated TTH amount” held by the purchaser for a loss period which is a post-activation period is the lower of—
- (a) the adjusted activated TTH amount (see paragraphs 40 to 42), and
 - (b) the closing balance of the total TTH amount for the immediately preceding accounting period (see paragraph 49).
- 40 (1) This paragraph applies if, in relation to a post-activation period—
- (a) the relevant proportion of the decommissioning expenditure amount attributable to the TTH oil field for that period, exceeds
 - (b) the tracked profit or loss amount attributable to the TTH asset for that period.
- (2) The “additional activated TTH amount” for the post-activation period is an amount equal to the excess.
- (3) For the purposes of paragraph 39, the adjusted activated TTH amount is the total of—
- (a) the closing balance of activated TTH for the immediately preceding accounting period, and

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- (b) the additional activated TTH amount for the post-activation period.
- (4) In this paragraph and in paragraph 41, “relevant proportion” has the same meaning as in paragraph 30(5).
- 41 (1) This paragraph applies if, in relation to a post-activation period—
- (a) the tracked profit or loss amount attributable to the TTH asset for that period, exceeds
 - (b) the relevant proportion of the decommissioning expenditure amount attributable to the TTH oil field for that period.
- (2) The “TTH reduction amount” for the post-activation period is an amount equal to the excess.
- (3) If the TTH reduction amount is less than the closing balance amount, the adjusted activated TTH amount for the purposes of paragraph 39 is an amount equal to the difference.
- (4) If the TTH reduction amount is equal to, or greater than, the closing balance amount, the adjusted activated TTH amount for the purposes of paragraph 39 is nil.
- (5) In this paragraph, references to the “closing balance amount” are references to the closing balance of activated TTH for the accounting period immediately preceding the post-activation period.
- 42 If neither paragraph 40 nor paragraph 41 applies in relation to a post-activation period, the “adjusted activated TTH amount” for the purposes of paragraph 39 is—
- (a) an amount equal to the closing balance of activated TTH for the immediately preceding accounting period, if it is greater than nil, or
 - (b) nil, if the closing balance of activated TTH for the immediately preceding accounting period is nil or a negative amount.

Allocation of activated TTH to an accounting period

43 Paragraph 44 applies for the purposes of paragraph 25 (effect of trade loss relief provisions in relation to the purchaser).

44 The total activated TTH amount for a loss period is to be allocated, for the purposes of the application of paragraph 25 in relation to that loss period, to pre-acquisition accounting periods of the purchaser as follows—

Step 1

Take the most recent pre-acquisition accounting period for which there is an unused transferred profits amount which is greater than nil.

Step 2

Allocate to that pre-acquisition accounting period an amount equal to the lower of—

- (a) the unused transferred profits amount, and
- (b) the total activated TTH amount held by the purchaser for the loss period.

Step 3

Allocate to the next most recent pre-acquisition accounting period an amount equal to the lower of—

- (a) the transferred profits amount for that period, and

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(b) the available activated TTH amount for the loss period.

Step 4

Repeat Step 3 (taking later pre-acquisition accounting periods before earlier ones) until the amount given by paragraph (a) or (b) is nil.

Transferred profits amount for a pre-acquisition accounting period

- 45 (1) In this Schedule, references to the transferred profits amount for a pre-acquisition accounting period of the purchaser are references to—
- (a) the transferred profits amount for the accounting period of the seller which coincides with the pre-acquisition accounting period of the purchaser, or
 - (b) if there is no coinciding accounting period of the seller, the overlapping proportion of the transferred profits amount for each accounting period of the seller that overlaps with the pre-acquisition accounting period of the purchaser.
- (2) The overlapping proportion, in relation to an accounting period of the seller, is the same as the proportion that the part of the seller’s accounting period that overlaps with the pre-acquisition accounting period of the purchaser bears to the whole of the seller’s accounting period.

“Unused transferred profits amount”

- 46 (1) This paragraph applies for the purposes of Steps 1 and 2 of paragraph 44.
- (2) If the loss period is the first activation period, the reference to the “unused transferred profits amount” for a pre-acquisition accounting period is a reference to the transferred profits amount for that period.
- (3) If the loss period is a post-activation period, the reference to the “unused transferred profits amount” for a pre-acquisition accounting period is a reference to the amount equal to—
- (a) the transferred profits amount for the pre-acquisition accounting period, less
 - (b) the total of the amounts applied for the pre-acquisition accounting period in accordance with paragraph 25, for the purposes of the application of that paragraph in relation to the first activation period or an earlier post-activation period.

“Available activated TTH amount”

- 47 (1) This paragraph applies for the purposes of allocating an amount to a pre-acquisition accounting period under Step 3 of paragraph 44.
- (2) The “available activated TTH amount” held by the purchaser for the loss period, is an amount equal to—
- (a) the total activated TTH amount for the period, less
 - (b) the total of the activated transferred profits amounts allocated under paragraph 44 to later pre-acquisition accounting periods.
- (3) In sub-paragraph (2)(b) the reference to “later pre-acquisition accounting periods” is a reference to pre-acquisition accounting periods that begin after the period mentioned in sub-paragraph (1).

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“Closing balance of activated TTH”

- 48 (1) The closing balance of activated TTH for the first activation period, or a post-activation period in relation to which paragraph 40, 41(3) or 42 applies, the closing balance of activated TTH for the period is—
- (a) the total activated TTH amount held by the purchaser for that period, less
 - (b) the amount applied in accordance with paragraph 25 for that period.
- (2) If paragraph 41(4) applies in relation to a post-activation period, the closing balance of activated TTH for the period is the negative amount determined by deducting—
- (a) the TTH reduction amount for that period, from
 - (b) the closing balance of activated TTH for the immediately preceding accounting period.

“Closing balance of the total TTH amount”

- 49 The closing balance of the total TTH amount for an accounting period is—
- (a) the total TTH amount, less
 - (b) the total of the amounts (if any) applied in accordance with paragraph 25 for that accounting period and earlier accounting periods.