

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 1980, SCHEDULE 17. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 17

Section 106.

#### TRANSFERS OF INTERESTS IN OIL FIELDS

##### Modifications etc. (not altering text)

- C1** Definitions applied for purposes of [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), [s. 64](#)—transfers of interests in oil fields.  
[Sch. 17](#) applied (27.7.1999) by [1999 c. 16, s. 97\(3\)](#)
- C2** See also [Finance Act 1981 \(c. 35\)](#), [s. 112](#) for application of s. 111 of that Act (restriction of expenditure supplement) and [Oil Taxation Act 1975 \(c. 22\)](#), [s. 9](#) (limit on amount of tax payable) in case of a transfer.

#### PART I

##### PRELIMINARY

##### Modifications etc. (not altering text)

- C3** See also—

##### *Interpretation*

- 1 (1) For the purposes of this Schedule a participator in an oil field transfers the whole or part of his interest in the field whenever as a result of a transaction or event other than—
- (a) the making of an agreement or arrangement of the kind mentioned in paragraph 5 of Schedule 3 to the Oil Taxation Act 1975; or
  - (b) a re-determination under a unitisation agreement,
- the whole or part of his share in the oil to be won and saved from the field becomes the share or part of the share of another person who is or becomes a participator in the field.
- (2) In sub-paragraph (1) above a “unitisation agreement” means an agreement for the exploitation of—
- (a) an oil field falling within two or more licensed areas; or
  - (b) any such area as is mentioned in subsection (1)(a) of section 107 of this Act,
- and a “re-determination” means, in a case within paragraph (a) above, a re-determination of the apportionment of oil from the field as between the different licensed areas and, in a case within paragraph (b) above, a re-determination of the apportionment mentioned in subsection (1)(b) of that section.
- (3) In this Schedule “the old participator” means the participator whose interest is wholly or partly transferred, “the new participator” means the person to whom it is

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transferred and [<sup>F1</sup>“the transfer period” means the chargeable period in which the transfer takes place.]

**Textual Amendments**

**F1** Finance Act 1981 (c. 35), s. 114(2)(a) with effect whether the participator's net profit period ends before or after the passing of that Act

**Modifications etc. (not altering text)**

**C4** Sch. 17 para. 1(2) applied (*retrospective to 7.3.2001*) by 2001 c. 9, s. 101(4)(5), Sch. 32 para. 4(2)

- 2 This Schedule shall be construed as one with Part I of the said Act of 1975, and any reference in this Schedule to a section or Schedule not otherwise identified is a reference to that section or Schedule of that Act.

*Notice of transfer*

- 3 (1) The old and new participators shall within two months after the end of the transfer period deliver to the Board a notice in such form and containing such particulars with respect to the transfer as the Board may prescribe.
- (2) Where as a result of the same transaction or event—
- (a) the whole or part of the interest of two or more persons in an oil field becomes the interest or part of the interest of another person; or
  - (b) parts of a participator's interest in an oil field are transferred to two or more other persons,
- a single notice relating to all the transfers shall be given under this paragraph by all the old participators and new participators, and in relation to any such notice references in paragraphs 4 and 5 below to the old and new participators shall be construed accordingly.

*Exclusion of transfer rules*

- 4 (1) Parts II and III of this Schedule shall not apply in relation to a transfer if the old and new participators make an application in that behalf in the notice under paragraph 3 above and the Board consider that those provisions would not materially affect the total tax chargeable in respect of the field.
- (2) The Board shall give notice of their decision under this paragraph to the old and new participators.

*Partial transfers*

- 5 (1) Where the transfer is of part of the old participator's interest in the field the notice under paragraph 3 above shall state what the old and new participators propose should be the corresponding part of the amounts to be transferred to the new participator under paragraphs 6, 7 and 8 below and of the old participator's share of oil to be treated as that of the new participator under paragraph 9 below; and subject to the following provisions of this paragraph, the corresponding part shall for the purposes of those provisions be taken to be such part as is determined by the Board and specified in a notice given to the old and new participators.

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- (2) If the corresponding part determined by the Board differs from that proposed by the old and new participators they or any of them [<sup>F2</sup>may appeal by notice] in writing given to the Board not more than three months after the notice given by the Board under sub-paragraph (1) above <sup>F3</sup>...; but the bringing of an appeal shall not affect the operation of the notice given by the Board.
- (3) The old participator or the new participator shall, whether or not himself the appellant, be entitled to [<sup>F4</sup>be a party to] the appeal and in any proceedings arising out of it.
- (4) An appeal may be abandoned [<sup>F5</sup>before it is notified to the tribunal] by notice in writing to the Board; and if before an appeal is determined the old and new participators agree with the Board on what should be the corresponding part referred to above the Board's notice under subsection (1) above shall have effect as if that were the part specified in it.
- (5) Where the corresponding part referred to above as specified in the Board's notice under sub-paragraph (1) is varied on appeal, the Board's notice shall have effect as if the varied part had been specified in it; and all such assessments or determinations or adjustments shall be made as are necessary in consequence of the variation.
- [<sup>F6</sup>(6) The provisions of paragraphs 14A to 14I of Schedule 2 to the Oil Taxation Act 1975 shall apply to appeals under this paragraph subject to any necessary modifications.]

#### Textual Amendments

- F2** Words in Sch. 17 para. 5(2) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 95(2)(a)**
- F3** Words in Sch. 17 para. 5(2) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 95(2)(b)**
- F4** Words in Sch. 17 para. 5(3) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 95(3)**
- F5** Words in Sch. 17 para. 5(4) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 95(4)**
- F6** Sch. 17 para. 5(6) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 95(5)**

## PART II

### TRANSFER OF OLD PARTICIPATOR'S EXPENDITURE RELIEF, LOSSES AND EXEMPTIONS

#### *Unused expenditure relief*

- 6 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of any amount which—
  - (a) would, apart from this paragraph, fall to be taken into account under section 2(9)(b) in computing the assessable profit or allowable loss accruing to the old participator from the field in the transfer period or a later chargeable period; and

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- (b) is attributable to expenditure allowed to the old participator under Schedule 5 in accordance with his interest in the field before the transfer.
- (2) If the whole of the old participator’s interest in the field is transferred in the transfer period (whether to one new participator or partly to one and partly to another or others) there shall be transferred to the new participator the whole or, as the case may be, to each of them a corresponding part, of any amount which—
- (a) would, apart from this paragraph, fall to be taken into account under section 2(9)(c) in computing the assessable profit or allowable loss accruing to the old participator from the field in the transfer period or a later chargeable period; and
  - (b) is attributable to expenditure incurred by the old participator before the transfer and allowed to him under Schedule 6.
- (3) Any amount transferred to the new participator under this paragraph shall, instead of being taken into account as mentioned in sub-paragraph (1)(a) or (2)(a) above, be taken into account in computing the assessable profit or allowable loss accruing to the new participator from the field.

#### *Unused losses*

- 7 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator’s interest in the field, a corresponding part of any loss which the Board have determined under Schedule 2 has accrued to the old participator from the field [<sup>F7</sup>in the transfer period or any earlier chargeable period] to the extent that it has not been relieved against assessable profits accruing to him in the transfer period or an earlier chargeable period.
- (2) Any amount of a loss transferred to the new participator under this paragraph may be relieved under section 7 against assessable profits accruing to the new participator in the transfer period or a later chargeable period and shall not be set off against assessable profits of the old participator [<sup>F7</sup>and, for the purposes of effecting such relief, subsection (1) of section 7 shall have effect as if the word “succeeding” were omitted].

#### **Textual Amendments**

- F7** *Finance Act 1983 (c. 28), s. 41* in relation to transfer periods (see *Sch. 17 Pt. I para. 1, ante*) ending after 31 December 1982.

#### *Accumulated capital expenditure*

- 8 (1) There shall be transferred to the new participator the whole or, if the transfer is of part of the old participator’s interest in the field, a corresponding part of the amount which under section 9(3) is the old participator’s accumulated capital expenditure at the end of [<sup>F8</sup>the last chargeable period before the transfer period].
- (2) Subject to paragraph 18 below, any amount transferred under this paragraph shall be treated for the purposes of section 9(3) as, or as part of, the new participator’s accumulated capital expenditure at the end of the transfer [<sup>F9</sup>period] and later [<sup>F9</sup>chargeable periods] and not as, or as part of, the old participator’s accumulated capital expenditure at the end of any such [<sup>F9</sup>period].

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**Textual Amendments**

- F8** Finance Act 1981 (c. 35), s. 114(2)(b) with effect whether the participator's net profit period ends before or after the passing of that Act.
- F9** Finance Act 1981 (c. 35), s. 114(2)(c) with effect whether the participator's net profit period ends before or after the passing of that Act.

*Excluded oil*

- 9 For the purpose of determining under section 10(1)(b) what oil is to be disregarded in computing a participator's gross profit or loss attributable to oil won from the field after the transfer there shall be treated as if it were the new participator's, and not the old participator's, the whole or, if the transfer is of part of the old participator's interest in the field, a corresponding part of the old participator's share of oil won and saved from the field before the transfer.

*Successive transfers*

- 10 (1) Where the old participator transfers the whole or part of his interest in a field in which he has himself acquired an interest by a previous transfer, the amounts to be taken into account in determining what is to be transferred to the new participator under paragraphs 6, 7 and 8 above and what is to be the share of oil treated as the new participator's under paragraph 9 above shall include—
- (a) any amount which falls to be transferred to the old participator under paragraph 6 or 7 above by reference to the previous transfer and has not been taken into account or relieved in relation to him under paragraph 6(3) or 7(2) above; and
  - (b) any amount or share which falls to be transferred to the old participator or treated as his under paragraph 8 or 9 above by reference to the previous transfer.
- (2) Where the old participator makes successive transfers of parts of his interest, the amounts to be transferred to the new participator under paragraphs 6, 7 and 8 above and the share of oil to be treated as the new participator's under paragraph 9 above by reference to each transfer shall be that amount or share after deducting any of it which falls to be so transferred or treated by reference to a previous transfer.

**PART III**

**OTHER RULES**

*F10*  
...

**Textual Amendments**

- F10** Sch. 17 para. 11 and the heading omitted (with effect in accordance with Sch. 43 para. 1 3(5) of the commencing Act) by virtue of Finance Act 2009 (c. 10), Sch. 43 para. 3(4) (with Sch. 43 paras. 2, 4)

**F10**<sub>11</sub> .....

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*Royalty payments*

- 12 (1) Where at the end of the transfer period the old participator has no interest in the field—
- (a) any licence debit or credit which, apart from this paragraph, would fall to be taken into account under subsection (6) of section 2 in computing the assessable profit or allowable loss accruing to him from the field in any later chargeable period in which he has no such interest shall not be so taken into account; but
  - (b) that subsection shall have effect in relation to the transfer period as if the amount of—
    - (i) any such licence debit or credit as is mentioned in paragraph (a) above; and
    - (ii) any licence debit or credit that would have fallen to be taken into account as there mentioned for a later chargeable period if the old participator were still a participator,
 were an amount to be included in the sum referred to in paragraph (a) or, as the case may be, paragraph (b) of that subsection.
- (2) Sub-paragraph (1) above does not affect the amount of any loss transferred under paragraph 7 above.
- (3) Notwithstanding anything in section 34 of the Taxes Management Act 1970 (ordinary time limit for assessments) any further assessment or determination or amendment of an assessment or determination required in consequence of sub-paragraph (1) above may be made at any time not later than six years after the end of the later chargeable period referred to in sub-paragraph (1)(a) or (b)(ii) above.

*Payments on account and advance payments*

- 13 (1) For the purpose of computing under the Schedule to the Petroleum Revenue Tax Act 1980 (computation of payment on account) whether any, and if so what, amount of tax is payable under that Act by the old participator and the new participator for the transfer period or any later chargeable period—
- (a) it shall be assumed that any application or proposal made in relation to the transfer under paragraph 4 or 5(1) above and in respect of which the Board have not notified their decision will be accepted by the Board; and
  - (b) the computation under that Schedule shall be made as if paragraph 6 above applied in relation to expenditure which under paragraph 2(4) of that Schedule is treated as having been allowed under Schedule 5 or 6 as well as to expenditure which has been so allowed.
- (2) Where at the end of the transfer period the old participator has no interest in the field he shall not be liable under section 105 of this Act to pay any amount as an advance payment of tax in respect of the field for any subsequent chargeable period in which he has no such interest.
- (3) The old participator shall not be entitled to interest under subsection (7) of that section by reason of any such excess as is there mentioned for the transfer period or either of the next two chargeable periods if he and the new participator are connected within the meaning of [F11 section 1122 of the Corporation Tax Act 2010].

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### Textual Amendments

- F11** Words in [Sch. 17 para. 13\(3\)](#) substituted (with effect in accordance with s. 1184(1) of the commencing Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 172\(2\)](#) (with [Sch. 2](#))

### *Losses of new participator*

- 14 (1) Where the Board have determined under Schedule 2 that an allowable loss has accrued to the new participator from the field in the transfer period or a later chargeable period, then, if—
- (a) the loss has been computed by reference to an amount taken into account by virtue of paragraph 6 above; and
  - (b) the old participator has no interest in the field at the end of the transfer period, the old and new participators may jointly elect that the loss shall be surrendered to the old participator to the extent that it does not exceed whichever is the lesser of the amount referred to in paragraph (a) above and the total assessable profits as reduced under section 7 that accrued to the old participator from the field in chargeable periods up to and including the chargeable period after the transfer period.
- (2) Where any amount of a loss is surrendered under this paragraph it shall be treated—
- (a) in relation to the old participator, as an allowable loss accruing to him in the chargeable period next but one after the transfer period; and
  - (b) in relation to the new participator, as if it has been relieved against assessable profits accruing to him from the field in chargeable periods before that in which it accrued.

### *Terminal losses*

- <sup>F12</sup>15 (1) This paragraph applies in any case where—
- (a) such an allowable loss as falls to be relieved under section 7(3) accrues to the new participator from the field in a chargeable period ending after 17th March 2004, but
  - (b) some or all of the loss cannot be relieved under section 7(3) against assessable profits accruing to him from the field.
- (2) So much of the loss as cannot be so relieved (“the remaining loss”) shall be regarded as an allowable unrelievable field loss in relation to the new participator (“the loss-maker”) only to the extent that—
- (a) so much of it as cannot be relieved in accordance with sub-paragraphs (3) to (6) below,  
exceeds
  - (b) the aggregate of any relevant previous participators' expenditure unrelated to the field (see sub-paragraphs (10) and (11) below).
- (3) The remaining loss shall be treated as an allowable loss which falls to be relieved under section 7(3) against so much of any assessable profits accruing to the old participator from the field as is attributable to his represented interest (see sub-paragraphs (9) and (12) below).
- (4) Where a person is the new participator in relation to two or more old participators—

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- (a) the remaining loss shall be apportioned between those old participators in such manner as is just and reasonable having regard to the interests respectively transferred by them to the new participator,
  - (b) sub-paragraph (3) above shall have effect separately in relation to each of them (and the part of the remaining loss apportioned to him).
- (5) Any relief by virtue of sub-paragraph (3) above shall be given against the assessable profits accruing to the old participator in an earlier chargeable period only to the extent to which it cannot be given against the assessable profits accruing to him in a later chargeable period.
- (6) If—
- (a) the old participator acquired some or all of his interest in the field by a previous transfer in relation to which he was the new participator,
  - (b) Parts 2 and 3 of this Schedule applied in relation to that previous transfer, and
  - (c) some or all of the part of the remaining loss treated as an allowable loss of his cannot be relieved in accordance with sub-paragraph (3) above,
- sub-paragraphs (3) to (5) above shall apply in relation to so much of that part of the remaining loss as cannot be so relieved as they apply in relation to the remaining loss, but construing the references in those sub-paragraphs to the new participator and the old participator by reference to that previous transfer and the parties to it, and then applying this sub-paragraph accordingly (and so on).
- (7) But where—
- (a) the person who is the old participator in relation to a transfer made before 17th March 2004 (“ the later transfer ”) is also the new participator in relation to a previous transfer, and
  - (b) Parts 2 and 3 of this Schedule applied in relation to both of those transfers,
- sub-paragraph (3) above shall not apply by virtue of sub-paragraph (6) above in relation to so much of the assessable profits of the person who is the old participator in relation to that previous transfer as is attributable to so much of his interest as constitutes the whole or part of his represented interest by virtue of the later transfer.
- (8) Where losses accruing to each of two or more participators fall to be relieved by virtue of sub-paragraph (3) above against the same assessable profits, a loss accruing to the person who last had an interest representing the whole or part of the transferred interest at an earlier time shall be so relieved before one accruing to a person who last had such an interest at a later time.

In this sub-paragraph “ the transferred interest ” means the interest transferred by the person against whose assessable profits the losses fall to be relieved.

- (9) In determining for the purposes of this paragraph the assessable profits of a participator that are attributable to his represented interest, the assessable profits shall be apportioned between—
- (a) the represented interest, and
  - (b) the remainder of the participator’s interest,
- using such method as is just and reasonable, having regard to the respective sizes of those interests.

[<sup>F13</sup>(9A) This paragraph is subject to [<sup>F14</sup>paragraph 6] of [<sup>F15</sup>Schedule 20B] to the Finance Act 1993.]

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- (10) For the purposes of this paragraph “ relevant previous participators' expenditure unrelated to the field ” means so much of each relevant previous participator's allowed expenditure unrelated to the field as is referable to his represented interest, other than excepted old expenditure.
- (11) For the purposes of sub-paragraph (10) above—
- “ allowed expenditure unrelated to the field ”, in relation to a participator, is expenditure unrelated to the field which is allowed on a claim or election made by the participator;
- “ excepted old expenditure ” is expenditure which has been allowed in pursuance of a claim or election for its allowance received by the Board before 17th March 2004;
- “ relevant previous participator ” means a participator against any of whose assessable profits relief is given in accordance with sub-paragraphs (3) to (6) above;
- and sub-paragraph (9) above shall apply in relation to allowed expenditure unrelated to the field as it applies in relation to assessable profits.
- (12) In this paragraph—
- “ expenditure unrelated to the field ” has the meaning given by section 6(9);
- “ the loss-maker ” shall be construed in accordance with sub-paragraph (2) above;
- “ previous owner ” means a person from whom the loss-maker directly or indirectly derives his title to the whole or any part of his interest;
- “ represented interest ”, in the case of a previous owner, means so much of the interest which that previous owner transferred, by a transfer to which Parts 2 and 3 of this Schedule apply, as is represented in the loss-maker's interest by virtue only of—
- (a) that transfer, or
- (b) that transfer and one or more subsequent transfers to which those Parts apply,
- making, for the purposes of paragraph (b) above, such apportionments as are just and reasonable, having regard to the interests transferred by each of the transferors.]

#### Textual Amendments

- F12** Sch. 17 para. 15 substituted (with effect in accordance with s. 288(3) of the commencing Act) by [Finance Act 2004 \(c. 12\)](#), [s. 288\(2\)](#)
- F13** Sch. 17 para. 15(9A) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\)](#), [Sch. 33 para. 3](#)
- F14** Words in [Sch. 17 para. 15\(9A\)](#) substituted (retrospective to 23.11.2016) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [s. 44\(3\)\(4\)](#)
- F15** Words in Sch. 17 para. 15(9A) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\)](#), [Sch. 45 para. 3\(2\)\(b\)](#)

#### Modifications etc. (not altering text)

- C5** Sch. 17 para. 15 excluded (17.7.2013) by [Finance Act 2013 \(c. 29\)](#), [s. 84\(2\)](#) (with [s. 84\(4\)](#))

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*Abortive exploration expenditure*

- 16 (1) Subject to sub-paragraph (2) below, there shall be allowed under section 5 in the case of the new participator, in connection with any field in which an interest is transferred to him by the old participator, any expenditure incurred—
- (a) by the old participator; or
  - (b) if the old participator is a company, by a company which is within the meaning of that section associated with the old participator in respect of the expenditure,
- if no claim in respect of it has been made under Schedule 7 by the old participator or any such company and the expenditure would be allowable under that section in the case of the new participator if he had himself incurred it.
- (2) Sub-paragraph (1) above—
- (a) does not apply so long as the old participator or, if the old participator is a company, any company associated with the old participator has an interest in a licence; and
  - (b) applies to the new participator only if the transfer to him was the last transfer made by the old participator.
- (3) For the purposes of sub-paragraph (2) above a company is associated with the old participator if—
- (a) one is a 51 per cent. subsidiary of the other and the other is not a 51 per cent. subsidiary of any company; or
  - (b) each of them is a 51 per cent. subsidiary of a third company which is not itself a 51 per cent. subsidiary of any company;
- and <sup>F16</sup>Chapter 3 of Part 24 of the Corporation Tax Act 2010] (subsidiaries) shall apply for the purposes of this sub-paragraph.
- (4) This paragraph is without prejudice to the application of section 5 in cases where the old participator is a company and the new participator is within the meaning of that section a company associated with the old participator in respect of the expenditure in question.

**Textual Amendments**

**F16** Words in [Sch. 17 para. 16\(3\)](#) substituted (with effect in accordance with s. 1184(1) of the commencing Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 172\(3\)](#) (with [Sch. 2](#))

*<sup>F17</sup> Exploration and appraisal expenditure*

**Textual Amendments**

**F17** [Finance Act 1983 \(c. 28\)](#), s. 37(2) and Sch. 8 Part II para. 8.

- 16A In relation to exploration and appraisal expenditure to which section 5A applies, paragraph 16 above has effect as if any reference therein to section 5 were a reference to section 5A.]

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### *[<sup>F18</sup> Research expenditure*

#### **Textual Amendments**

**F18** Finance Act 1987 (c. 16, SIF 114), s. 64(2) and Sch. 13 Part II para. 7.

- 16B In relation to research expenditure to which section 5B applies, paragraph 16 above has effect as if any reference therein to section 5 were a reference to section 5B.]

### *Oil allowance*

- 17 If the transfer period is one of the first three chargeable periods of the field section 8 shall not apply to the old participator for that period or any earlier period.

### *Limit on tax payable in transfer year*

- 18 (1) For the purposes of section 9 in its application to the transfer [<sup>F19</sup>period], the accumulated capital expenditure at the end of that [<sup>F19</sup>period] of the old participator and the new participator respectively shall be treated as equal to the aggregate of—
- (a) the pre-transfer fraction of what (apart from this paragraph) would be the amount of his accumulated capital expenditure for the purposes of that section at the end of that [<sup>F19</sup>period] if any transfer from or to him under paragraph 6 or 8 above were disregarded; and
  - (b) the post-transfer fraction of what (apart from this paragraph) would be that amount having regard to any transfer from or to him in that [<sup>F19</sup>period] under those paragraphs.
- (2) For the purposes of this paragraph the pre-transfer and post-transfer fractions are respectively the fractions of the [<sup>F19</sup>period] (reckoned in days) which elapse before and begin with the date of the transfer; and if there are two or more transfers in the [<sup>F19</sup>period] those fractions shall be determined—
- (a) for a participator who is the old participator as respects any of the transfers, by reference to the first transfer as respects which he is the old participator;
  - (b) for a participator who is the new participator as respects any of the transfers, by reference to the last transfer as respects which he is the new participator;
  - (c) for a participator who is the old participator as respects one or more of the transfers and the new participator as respects another or others, by reference to whichever results in the smallest amount of accumulated capital expenditure under this paragraph.

#### **Textual Amendments**

**F19** Finance Act 1981 (c. 35), s. 114(2)(d) with effect whether the participator's net profit period ends before or after the passing of that Act.

### *Disposal of long-term assets*

- 19 (1) [<sup>F20</sup>Neither] paragraph 4 of Schedule 4 [<sup>F21</sup>nor section 7 of the Oil Taxation Act 1983 shall] apply to the disposal of an asset used in connection with an oil field if the disposal is by the old participator (or a person connected with him) to the new

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participator (or a person connected with him) and the disposal is in pursuance of the transfer by the old participator to the new participator of an interest in the field.

- (2) Section [F<sup>22</sup>839 of the Taxes Act 1988] (connected persons) shall apply for the purposes of this paragraph.

**Textual Amendments**

- F20** Oil Taxation Act 1983 (c. 56), **Sch. 2 para. 6.**  
**F21** Oil Taxation Act 1983 (c. 56), **Sch. 2 para. 6.**  
**F22** Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), **Sch. 29 para. 32**

*Transfers of oil*

- 20 Where in pursuance of the transfer of the whole or part of his interest in the field the old participator transfers his right to any oil already won from the field to the new participator, that oil—
- (a) shall not be taken into account under section 2(5) in computing the old participator's assessable profit or allowable loss in the transfer period; but
  - (b) shall be taken into account under section 2(5) in computing the new participator's assessable profit or allowable loss as if it were included in his share of the oil won from the field.

*Retention of share of oil*

- 21 Where the old participator retains a share of the oil won from the field in pursuance of an agreement between him and the new participator under which the latter undertakes to be responsible for carrying out the old participator's obligations in connection with the field so far as they relate to that share—
- (a) that share shall be taken to belong to the new participator; and
  - (b) any oil comprised in that share shall be treated as oil acquired by the old participator under an agreement to which paragraph 6 of Schedule 3 applies.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1980, SCHEDULE 17.