
1 Oil activities: transferable tax history

Schedule 1 makes provision about elections to transfer tax history, for certain purposes of the Corporation Tax Acts, on the sale of an interest in a UK oil licence.

SCHEDULE 1

Section 1

OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

PART 1

ELECTION TO TRANSFER TAX HISTORY

Entitlement to make a TTH election

- 1 This Schedule applies if, on or after 1 November 2018, the OGA gives consent for a company (the “seller”) to sell an interest in a UK oil licence to another company (the “purchaser”).
- 2 (1) The seller and purchaser may jointly make a TTH election in respect of an interest (“the TTH asset”) in a transferred oil field (the “TTH oil field”).
(2) A “TTH election” is an election for—
 - (a) an amount of the seller’s ring fence profits (the “total TTH amount”) to be treated, in accordance with the provisions of this Schedule, as if it were an amount of the purchaser’s profits (instead of the seller’s profits), and
 - (b) a corresponding amount of the seller’s adjusted ring fence profits to be so treated for the purpose of Chapter 6 of Part 8 of CTA 2010 (supplementary charge).

PART 2

THE TOTAL TTH AMOUNT

The total TTH amount

- 3 (1) The total TTH amount may comprise—
 - (a) an amount representing the seller’s eligible ring fence profits for the reference accounting period, and
 - (b) amounts representing the seller’s eligible ring fence profits for so many of the preceding accounting periods ending on or after 17 April 2002 as the seller and purchaser may determine.
- (2) Sub-paragraph (1) is subject to—
 - (a) paragraph 4 (limits on total TTH amount),
 - (b) paragraph 11 (consecutive accounting periods), and
 - (c) paragraph 12 (the transferred profits amount for an accounting period).
- (3) See—
 - (a) paragraph 13 for the meaning of “eligible ring fence profits”, and
 - (b) paragraph 97 for the meaning of “reference accounting period” in relation to the seller.

Limits on total TTH amount

- 4 The total TTH amount must not exceed the lower of—
 - (a) the uplifted decommissioning costs estimate in relation to the TTH asset, and

- (b) the total amount of the seller's eligible ring fence profits for the period –
 - (i) beginning with 17 April 2002, and
 - (ii) ending at the end of the reference accounting period.

The “uplifted decommissioning costs estimate”

- 5 To determine the “uplifted decommissioning costs estimate” in relation to the TTH asset –
 - (a) determine the seller's proportion of the net cost amount (see paragraphs 6 and 7),
 - (b) allocate the relevant proportion of the amount determined under paragraph (a) to the TTH asset (see paragraph 8),
 - (c) adjust the allocated amount in accordance with paragraph 9, and
 - (d) double the adjusted amount.
- 6 (1) The “net cost amount” is the qualifying DSA estimate of the decommissioning costs for the TTH oil field.
 - (2) A “DSA estimate” is an estimate prepared for the purposes of a decommissioning security agreement to which the seller is a party.
 - (3) If there is only one decommissioning security agreement relating to the TTH oil field and to which the seller is a party, the “qualifying DSA estimate” is the most recent DSA estimate prepared for the purposes of that agreement within the qualifying period.
 - (4) If there is more than one decommissioning security agreement relating to the TTH oil field and to which the seller is a party, the “qualifying DSA estimate” is the lowest of the DSA estimates prepared for the purposes of any of those agreements within the qualifying period.
 - (5) For the purposes of sub-paragraphs (3) and (4), the “qualifying period” is the period of 12 months ending with –
 - (a) the date on which the TTH election is made, or
 - (b) in a case where the hive down condition (see paragraph 53(3)) is met, the date on which the seller and the purchaser cease to be associated with one another.
 - (6) In a case where the corporate restructuring condition (see paragraph 53(2)) is met, sub-paragraphs (3) and (4) have effect as if references to the seller were references to a party to the third party election.
- 7 The “seller's proportion” of the net cost amount is the proportion of the decommissioning costs for the TTH oil field that is allocated to the seller under the decommissioning security agreement for the purposes of which the qualifying DSA estimate is prepared.
- 8 In paragraph 5(b), the “relevant proportion” means the proportion that the interest in the TTH oil field which is the TTH asset bears to the seller'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.
- 9 The amount allocated to the TTH asset under paragraph 5(b) is to be adjusted for the purposes of paragraph 5(c) by –

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- (a) disregarding such assumptions used in preparing the qualifying DSA estimate for the purposes of an agreement, and
 - (b) making such other assumptions,
- as may be reasonably specified by an officer of Revenue and Customs for the purpose of estimating the decommissioning costs that are likely to be incurred in relation to the TTH asset.
- 10 (1) A “decommissioning security agreement” is an agreement entered into for the purpose of—
- (a) making provision for the costs of decommissioning an oil field, and
 - (b) providing security for the performance of obligations under an approved abandonment programme for the purposes of section 38A of the Petroleum Act 1998.
- (2) In sub-paragraph (1), “approved abandonment programme” has the same meaning as in the Petroleum Act 1998.

Consecutive accounting periods

- 11 (1) The total TTH amount may not include an amount representing the eligible ring fence profits for a particular accounting period (other than the reference accounting period) unless it also includes an amount representing the eligible ring fence profits for the next following qualifying accounting period.
- (2) An accounting period is “qualifying” for the purposes of this Schedule if the seller has eligible ring fence profits for that period.

The transferred profits amount

- 12 (1) The transferred profits amount for an accounting period, other than the earliest period, must be an amount equal to the amount of the seller’s eligible ring fence profits for the period.
- (2) The transferred profits amount for the earliest period must be an amount equal to the amount of the seller’s eligible ring fence profits for that period, so far as that amount does not exceed the TTH balance for the earliest period.
- (3) The “TTH balance” for the earliest period is an amount equal to—
- (a) the total TTH amount, less
 - (b) the transferred profits amounts for each later accounting period.
- (4) In this paragraph, “earliest period” means the earliest accounting period for which there is a transferred profits amount.

“Eligible ring fence profits”

- 13 Ring fence profits of an accounting period are “eligible” for the purposes of a TTH election if, as at the date the TTH election is made—
- (a) corporation tax is charged on the profits of that period at the main ring fence profits rate,
 - (b) neither section 279B nor section 279C of CTA 2010 (marginal relief) applies in relation to the seller in that period,
 - (c) as at the effective date of the election, the seller’s liability to corporation tax in respect of the profits has been discharged in full, and

- (d) the total TTH amount for any other TTH election made by the seller (whether made with the purchaser or with another person) does not include an amount representing those profits.
- 14 In determining, for the purposes of this Schedule, the amount of the seller's eligible ring fence profits for an accounting period that falls partly before 17 April 2002, the amount of the seller's eligible ring fence profits for that period is to be reduced by the proportion which the part of the accounting period falling before that date bears to the whole of the accounting period.

PART 3

EFFECT OF A TTH ELECTION ON THE SELLER

Application of this Part

- 15 This Part applies if –
- (a) the seller and the purchaser have jointly made a TTH election in respect of the TTH asset, and
 - (b) the TTH election has been approved by an officer of Revenue and Customs (see paragraph 58).

Effect of a TTH election: corporation tax

- 16 (1) Sub-paragraphs (2) and (3) apply if the seller makes a loss in a trade in an accounting period.
- (2) For the purposes of section 37(3)(b) of CTA 2010 (including for the purposes of that provision as it has effect under the other trade loss relief provisions), the seller's total profits of a pre-transfer accounting period are treated as being –
- (a) the seller's total profits for that period, less
 - (b) the transferred profits amount for that period.
- (3) For the purposes of section 42 of CTA 2010, the seller's profits of a ring fence trade of a pre-transfer accounting period are treated as being –
- (a) the seller's ring fence profits for that period, less
 - (b) the transferred profits amount for that period.
- 17 The transferred profits amount for an accounting period is to be disregarded for the purposes of the application of any provision of the Corporation Tax Acts by reference to which the seller would (apart from this paragraph) be entitled to relief or a repayment of corporation tax.
- 18 (1) Paragraphs 16 and 17 are subject to this paragraph.
- (2) If, on or after the effective date of the TTH election, the seller's total profits for a pre-transfer accounting period are reduced to an amount which is lower than the transferred profits amount for that period –
- (a) the seller is treated as incurring a loss in a ring fence trade, of an amount equal to the difference, for the accounting period, and
 - (b) paragraph 17 does not apply to the difference.

Effect of a TTH election: supplementary charge

- 19 (1) This paragraph applies in relation to an accounting period for which there is a transferred profits amount.
- (2) The transferred adjusted ring fence profits amount for the accounting period is to be disregarded for the purposes of any provision of the Corporation Tax Acts by reference to which the seller would (apart from this paragraph) be entitled to a repayment of supplementary charge.
- (3) The “transferred adjusted ring fence profits amount” is—
- (a) in the case of an accounting period other than the earliest period, the amount of the seller’s eligible adjusted ring fence profits for the period;
 - (b) in the case of the earliest period, an amount equal to the relevant proportion of the amount of the seller’s eligible adjusted ring fence profits for the period.
- (4) In sub-paragraph (3)(b), the “relevant proportion” is the same as the proportion that the transferred profits amount for the accounting period bears to the seller’s ring fence profits amount for the period.
- (5) For the purposes of this Part, adjusted ring fence profits of an accounting period are “eligible” if—
- (a) an amount is charged on the profits under section 330(1) of CTA 2010 (supplementary charge in respect of ring fence trades), and
 - (b) as at the effective date of the election, the seller’s liability to tax under that section in respect of the adjusted ring fence profits has been discharged in full.
- (6) In sub-paragraph (3), “earliest period” has the meaning given by paragraph 12(4).

PART 4

EFFECT OF A TTH ELECTION ON THE PURCHASER

Application of this Part

- 20 This Part applies if—
- (a) the seller and the purchaser have jointly made a TTH election in respect of the TTH asset,
 - (b) the TTH election has been approved by an officer of Revenue and Customs (see paragraph 58),
 - (c) the winning of oil from the TTH oil field has permanently ceased for the purposes of OTA 1975 (see, in particular, section 6(4A) of that Act), and
 - (d) in a post-acquisition accounting period (the “loss period”)—
 - (i) the purchaser makes a loss in a ring fence trade,
 - (ii) the loss is a decommissioning loss,
 - (iii) the purchaser holds, for the loss period, an activated TTH amount (see Parts 5 and 6), and
 - (iv) the purchaser makes a claim for relief under section 37 of CTA 2010 (relief for trade losses against total profits) for the decommissioning loss.

- 21 In paragraph 20(d)(ii), “decommissioning loss” means a loss in respect of which—
- (a) a claim for relief under section 37 of CTA 2010 is made by virtue of section 39 or 40 of that Act (relief for trade losses: terminal losses and ring fence trades), or
 - (b) relief is given under section 42 of CTA 2010 (ring fence trades: further extension of period for relief).

Effect of trade loss relief provisions

- 22 (1) The total activated TTH amount held by the purchaser for the loss period is to be applied in accordance with sub-paragraph (2)(b) or (3)(b).
- (2) The purchaser’s total profits of a pre-acquisition accounting period are to be treated, for the purposes of section 37(3)(b) of CTA 2010 (including for the purposes of that provision as it has effect under the other trade loss relief provisions) as being the total of—
- (a) the amount of the purchaser’s total profits for that period, and
 - (b) if and so far as the loss in respect of which relief is claimed exceeds the amount mentioned in paragraph (a), the activated transferred profits amount for that period.
- (3) The purchaser’s profits of a ring fence trade of a pre-acquisition accounting period are to be treated for the purposes of section 42 of CTA 2010, as being the total of—
- (a) the purchaser’s profits of a ring fence trade for that period, and
 - (b) if and so far as the loss in respect of which relief is claimed exceeds the amount mentioned in paragraph (a), the activated transferred profits amount for that period.
- (4) See—
- (a) paragraphs 35 to 39 for provision about the “total activated TTH amount”, and
 - (b) paragraphs 41 to 46 and 102 for provision about the “activated transferred profits amount” for an accounting period.

Repayment of supplementary charge

- 23 (1) This paragraph applies where, in respect of a loss period, an activated transferred profits amount for a pre-acquisition accounting period is to be applied in accordance with paragraph 22(2)(b) or (3)(b).
- (2) A repayment of tax to be determined as if—
- (a) the seller’s supplementary charge for the pre-acquisition accounting period mentioned in sub-paragraph (1) had been charged on, and paid by, the purchaser, and
 - (b) the transferred adjusted ring fence profits amount for that accounting period were recalculated in accordance with paragraph 47.
- (3) For the purposes of sub-paragraph (2), the “seller’s supplementary charge” for an accounting period is the amount charged under section 330(1) of CTA 2010 in respect of the transferred adjusted ring fence profits amount for that period.

- 24 (1) In this Schedule, references to the transferred adjusted ring fence profits amount for a pre-acquisition accounting period of the purchaser are references to –
- (a) the transferred adjusted ring fence profits amount (see paragraph 19(3)) 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 adjusted ring fence 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.

Supplementary provision: repayment and enquiries

- 25 For the purposes of section 59D(2) of TMA 1970 (repayment of excess corporation tax) the amount of corporation tax paid by the seller in respect of an activated transferred profits amount that is applied in accordance with 22(2)(b) or (3)(b) is treated as having been paid by the purchaser.
- 26 An enquiry under Part 4 of Schedule 18 to FA 1998 into a tax return for the accounting period in which the claim mentioned in paragraph 20(d)(iv) is made, or an enquiry into the claim under Schedule 1A to TMA 1970, extends to –
- (a) the decommissioning expenditure amount attributable to the TTH oil field for any accounting period,
 - (b) the tracked profit or loss amount attributable to the TTH asset for any accounting period, and
 - (c) whether a TTH activation event has occurred in relation to the TTH asset.

PART 5

TTH ACTIVATION

TTH activation event

- 27 (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 28) 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 paragraph 63) 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 other interests in the TTH oil field.

Decommissioning expenditure amount

- 28 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
 - (c) the restoration expenditure amount.
- 29 (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.
- 30 (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.
- 31 (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.
- 32 For the purposes of paragraphs 29(2), 30(2) and 31(2), an expenditure amount 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.

PART 6

ALLOCATION OF ACTIVATED TTH AMOUNT

Application of this Part

- 33 This Part of this Schedule applies if a TTH activation event occurs in relation to the TTH asset.
- 34 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”

- 35 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 27), and
 - (b) the total TTH amount.
- 36 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 37 to 39), and
 - (b) the closing balance of the total TTH amount for the immediately preceding accounting period (see paragraph 46).
- 37 (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 36, the adjusted activated TTH amount is the total of –
- (a) the closing balance of activated TTH for the immediately preceding accounting period, and
 - (b) the additional activated TTH amount for the post-activation period.
- (4) In this paragraph and in paragraph 38, “relevant proportion” has the same meaning as in paragraph 27(5).
- 38 (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) For the purposes of paragraph 36, the adjusted activated TTH amount is an amount equal to—

- (a) the closing balance of activated TTH for the immediately preceding accounting period, less
- (b) the TTH reduction amount for the post-activation period.

39 If neither paragraph 37 nor paragraph 38 applies in relation to a post-activation period, the “total activated TTH amount” held by the purchaser for the period is an amount equal to the closing balance of activated TTH for the immediately preceding accounting period.

Allocation of activated TTH to an accounting period

40 Paragraph 41 applies for the purposes of paragraph 22 (effect of trade loss relief provisions in relation to the purchaser).

41 The total activated TTH amount for a loss period is to be allocated 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
- (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

42 (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”

- 43 (1) This paragraph applies for the purposes of Step 1 of paragraph 41.
- (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 that period, less
 - (b) the activated transferred profits amount allocated to that period in the first activation period or an earlier post-activation period.

“Available activated TTH amount”

- 44 (1) This paragraph applies for the purposes of allocating an amount to a pre-acquisition accounting period under Step 3 of paragraph 41.
- (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 41 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).

“Closing balance of activated TTH”

- 45 The closing balance of activated TTH for an accounting period is—
- (a) the total activated TTH amount held by the purchaser for that period, less
 - (b) the amount applied in accordance with paragraph 22 for that period.

“Closing balance of the total TTH amount”

- 46 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 22 for earlier accounting periods.

SUPPLEMENTARY CHARGE: RECALCULATION OF ADJUSTED RING FENCE PROFITS

Recalculation: steps

- 47 (1) This paragraph applies for the purposes of recalculating the transferred adjusted ring fence profits amount for the pre-acquisition accounting period mentioned in paragraph 23(1) (for the purposes of paragraph 23(2)(b)).
- (2) The recalculated transferred adjusted ring fence profits amount for the period is the aggregate of—
- (a) the reduced profits amount (see paragraphs 48 and 49), and
 - (b) the adjusted finance cost amount for the loss period mentioned in paragraph 23(1) (see paragraph 52).
- (3) But if the amount given by taking the steps in sub-paragraph (2) is a negative amount, the recalculated transferred adjusted ring fence profits amount is nil.
- 48 (1) To determine the “reduced profits amount” —
- (a) take the transferred adjusted ring fence profits amount for that period (determined in accordance with paragraph 24), and
 - (b) reduce that amount, but not below nil, by the lower of —
 - (i) the amount applied in accordance with paragraph 22(2)(b) or (3)(b) for the period, and
 - (ii) the activated ARFP amount (see paragraph 50).
- (2) This paragraph is subject to paragraph 49.
- 49 (1) This paragraph (instead of paragraph 48) applies if the percentage specified in section 330(1) of CTA 2010 for the pre-acquisition accounting period mentioned in paragraph 23(1) is greater than 20%.
- (2) To determine the “reduced profits amount” —
- (a) calculate the total of —
 - (i) the activated ARFP amount for the period, and
 - (ii) the ARFP uplift amount for the period (see paragraph 51),
 - (b) reduce the amount given by paragraph (a) by the amount applied in accordance with paragraph 22(2)(b) or (3)(b) for the period.

“Activated ARFP amount”

- 50 (1) The “activated ARFP amount” for a pre-acquisition accounting period is the amount equal to —

$$(A/T) \times \text{ARFP}$$

where —

A is the amount applied in accordance with paragraph 22(2)(b) or (3)(b) for the pre-acquisition accounting period,

T is the unused transferred profits amount for that period, and

ARFP is the amount of the transferred adjusted ring fence profits for that period, determined in accordance with paragraph 24 and subject to sub-paragraph (4) (reduction to take account of any earlier claims).

- (2) In sub-paragraph (1), “unused transferred profits amount” has the same meaning as it has for the purposes of Step 1 of paragraph 41 (see paragraph 43).
- (3) Sub-paragraph (4) applies if, in respect of an earlier loss period –
 - (a) an activated transferred profits amount for the pre-acquisition accounting period mentioned in paragraph 23(1) is applied in accordance with paragraph 22(2)(b) or (3)(b), and
 - (b) a corresponding repayment is determined under paragraph 23(2) (an “earlier repayment”).
- (4) The amount of the transferred adjusted ring fence profits for the pre-acquisition accounting period is treated, for the purposes of sub-paragraph (1), as being reduced by an amount equal to the total of the activated ARFP amounts for that period for the purposes of each earlier repayment.

“ARFP uplift amount”

- 51 The “ARFP uplift amount” for a pre-acquisition accounting period is the amount equal to –

$$((SC - 20\%)/SC) \times A$$

where –

“SC” is the percentage specified in section 330(1) of CTA 2010 for the pre-acquisition accounting period, and

A is the amount applied in accordance with paragraph 22(2)(b) or (3)(b) for that period.

“Adjusted finance cost amount”

- 52 The “adjusted finance cost amount” for a loss period is the amount equal to –

$$(A/L) \times FC$$

where –

“FC” is the amount of the financing costs brought into account under section 330(3) of CTA 2010 for the purposes of determining the purchaser’s adjusted ring fence profits for the loss period,

“L” is the amount of the decommissioning loss in the loss period (see paragraph 20(d)(i) and (ii)), and

A is the amount applied in accordance with paragraph 22(2)(b) or (3)(b) for the pre-acquisition accounting period mentioned in paragraph 23(1).

PART 8

TTH ELECTIONS: CONDITIONS AND PROCEDURE

Election conditions: associated companies

- 53 (1) A TTH election may only be made if –
- (a) the seller and purchaser are not associated with one another,
 - (b) the corporate restructuring condition is met, or
 - (c) the hive down condition is met.
- (2) The “corporate restructuring condition” is met if –
- (a) the seller and purchaser are associated with one another at the time the election is made,
 - (b) another TTH election (the “third party election”) is made, in respect of the TTH asset, between two companies that are not associated with one another, and
 - (c) the third party election is made within –
 - (i) the period of 90 days ending with the effective date of the TTH election made between the seller and the purchaser, or
 - (ii) the period of 90 days beginning with that date.
- (3) The “hive down” condition is met if the seller and purchaser –
- (a) are associated with one another at the time the election is made, but
 - (b) cease to be associated with one another before the end of the period of 90 days beginning with the effective date of the TTH election.
- (4) See paragraph 94 of this Schedule and section 271 of CTA 2010 for further provision about the meaning of “associated companies”.

Election conditions: decommissioning relief agreements

- 54 (1) If the seller is a party to a decommissioning relief agreement, a TTH election may only be made if the agreement provides for the total TTH amount to be disregarded when determining the reference amount.
- (2) In this Schedule, “decommissioning relief agreement” and “reference amount” have the meaning given by section 80(2) of FA 2013.

Timing of election

- 55 (1) A TTH election in respect of a TTH asset may not be made after the later of the end of –
- (a) 31 March 2019, or
 - (b) the period of 90 days beginning with the day on which the interest in a UK oil licence, referred to in paragraph 1, is acquired by the purchaser.
- (2) Paragraph 3 of Schedule 1A to TMA 1970 (amendment of claims and elections) does not apply in relation to a TTH election (but see paragraph 72 (amounts discovered to be incorrect)).

Content

- 56 (1) The election must contain such information and declarations as an officer of Revenue and Customs may reasonably require.
- (2) The officer may, in particular, require information and declarations as to—
- (a) the TTH asset to which the election relates,
 - (b) the amount of the seller's taxable profits that are represented by the total TTH amount and each transferred profits amount,
 - (c) the rate of tax chargeable on those taxable profits, and the amount of tax paid,
 - (d) any decommissioning security agreement which relates to the TTH oil field and the seller, and any estimate of the decommissioning costs for the field determined for the purposes of any such agreement, and
 - (e) any decommissioning relief agreement to which the seller is a party (see paragraph 54).

Timing of an enquiry: cases where the corporate restructuring condition is met

- 57 (1) This paragraph applies if—
- (a) a TTH election is made, and
 - (b) the corporate restructuring condition or the hive down condition is met in relation to that election.
- (2) Paragraph 5(2)(a) of Schedule 1A to TMA 1970 (power to enquire into claims: time limits) has effect in relation to the election as if the reference in that provision to the day on which the claim was made were a reference to—
- (a) in a case where the corporate restructuring condition is met, the day on which the third party election was made;
 - (b) in a case where the hive down condition is met, the day on which the seller and the purchaser ceased to be associated with one another.

PART 9

TTH ELECTIONS: APPROVAL

Approval notice

- 58 An officer of Revenue and Customs may approve the TTH election by giving notice in writing (an “approval notice”) to the seller and the purchaser.

Refusal notice

- 59 (1) Approval of an election may be refused, by giving notice in writing to the seller and the purchaser (a “refusal notice”), if it appears to an officer of Revenue and Customs that the refusal is necessary for the protection of the revenue.
- (2) See paragraph 90 for provision about appeals against a decision to refuse approval of an election under this paragraph.

Deemed approval

- 60 (1) If no approval notice, refusal notice or enquiry notice is given, in respect of the TTH election, before the end of the period mentioned in paragraph 5(2) of Schedule 1A to TMA 1970 (time limit for opening an enquiry), the election is deemed to have been approved by an officer of Revenue and Customs at the end of that period.
- (2) In sub-paragraph (1), the reference to an “enquiry notice” is a reference to a notice under paragraph 5(1) of Schedule 1A to TMA 1970 (intention to enquire into a claim or election).

Conditions of approval

- 61 The purchaser is required, as a condition of the approval of the election –
- (a) to comply with the profit tracking requirements in relation to –
 - (i) the accounting period in which the interest in a UK oil licence, referred to in paragraph 1, is acquired by the purchaser, and
 - (ii) each subsequent accounting period; and
 - (b) to keep and preserve records, in accordance with such requirements as may be specified by an officer of Revenue and Customs, for the purposes of giving effect to this Schedule.

Profit tracking requirements

- 62 The purchaser complies with the profit tracking requirements in relation to an accounting period if the purchaser’s company tax return for the period is accompanied by a statement of the amount of profit or loss that is attributable to the TTH asset for that period (the “tracked profit or loss amount”).
- 63 (1) For the purposes of determining the tracked profit or loss amount for an accounting period, just and reasonable apportionments are to be made of the receipts, expenses, assets and liabilities of –
- (a) the purchaser, and
 - (b) any other company that is associated with the purchaser and has an interest in the TTH asset.
- (2) For the purposes of this paragraph, apportionments are to be made in accordance with the requirements (if any) specified by an officer of Revenue and Customs.

Senior tracking officers

- 64 (1) The purchaser’s senior tracking officer must –
- (a) take reasonable steps to ensure that the tracked profit and loss amount attributable to a TTH asset for each tracking period is determined in accordance with paragraph 63, and
 - (b) provide the Commissioners for Her Majesty’s Revenue and Customs with a certificate as to compliance with paragraph (a).
- (2) For each tracking period, the purchaser must notify the Commissioners for Revenue and Customs of the name of each person who was its senior tracking officer at any time during the period.

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- (3) The certificate under sub-paragraph (1)(b), and the notice under sub-paragraph (2), must be given –
- (a) in the form and manner specified by an officer of Revenue and Customs, and
 - (b) on or before the filing date for the purchaser’s tax return for the tracking period (see paragraph 14 of Schedule 18 to FA 1998).
- (4) A “tracking period” in relation to a TTH asset means –
- (a) the accounting period in which the TTH asset is acquired by the purchaser, and
 - (b) each subsequent accounting period for which the TTH election in respect of that asset has effect in relation to the purchaser.
- 65 (1) The purchaser’s “senior tracking officer” is the officer of the purchaser or of an associated company who, in the purchaser’s reasonable opinion, has overall responsibility for the purchaser’s financial accounting arrangements.
- (2) In this section, “officer”, in relation to a company, means –
- (a) a director,
 - (b) a manager,
 - (c) a secretary, and
 - (d) any other person managing or purporting to manage any of the company’s affairs.
- 66 (1) The senior tracking officer is liable to a penalty of £5000 if the officer, without reasonable excuse –
- (a) fails to comply with paragraph 64(1)(a) at any time in a tracking period, or
 - (b) fails to provide a certificate in accordance with paragraph 64(1)(b) and (3).
- (2) The senior tracking officer is not liable to more than one penalty under paragraph 66(1)(a) in respect of the TTH asset and the same tracking period.
- (3) If the purchaser, without reasonable excuse, fails to give a notice in accordance with paragraph 64(2) and (3), the purchaser is liable to a penalty of £5000.
- (4) If (but for this sub-paragraph) more than one person would be liable for a penalty under sub-paragraph 66(1)(a) or (b) in respect of the TTH asset and a tracking period, only the person who became the senior tracking officer latest in the year is liable to such a penalty.
- 67 (1) Where a senior tracking officer, or the purchaser, becomes liable for a penalty under paragraph 66 –
- (a) Her Majesty’s Revenue and Customs may assess the penalty, and
 - (b) if they do so, they must notify the officer liable for the penalty.
- (2) An assessment of a penalty under this Part for a failure in respect of a tracking period may not be made –
- (a) more than 6 months after the failure first comes to the attention of an officer of Revenue and Customs, or
 - (b) more than 6 years after the filing date for the purchaser’s tax return for the tracking period (see paragraph 14 of Schedule 18 to FA 1998).

(3) See paragraph 90 for provision about appeals against a penalty under paragraph 66.

- 68 (1) A penalty under paragraph 66 must be paid—
- (a) before the end of the period of 30 days beginning with the date on which the notification under paragraph 67 was issued, or
 - (b) if a notice of appeal against the penalty is given, before the end of the period of 30 days beginning with the date on which the appeal is determined or withdrawn.
- (2) A penalty under this Schedule may be enforced as if it were income tax charged in an assessment and due and payable or, in the case of the purchaser, corporation tax charged in an assessment and due and payable.

PART 10

TTH ELECTIONS: EFFECTIVE DATE AND WITHDRAWAL

Effective date of a TTH election

- 69 (1) A TTH election in respect of a TTH asset—
- (a) has effect, if it is approved in accordance with paragraph 58, from the date of completion of the sale of the interest in the UK oil licence concerned (the “effective date”),
 - (b) continues to have effect indefinitely in relation to seller, and
 - (c) continues to have effect in relation to the purchaser unless it is withdrawn in accordance with the provisions of this Schedule.

Withdrawal of a TTH election by an officer of Revenue and Customs

- 70 (1) A TTH election ceases to have effect in relation to the purchaser if—
- (a) the purchaser, without reasonable excuse, persistently fails to comply with either of the conditions mentioned in paragraph 61, and
 - (b) an officer of Revenue and Customs gives notice to the purchaser of the withdrawal of the election.
- (2) If notice is given under sub-paragraph (1), the TTH election ceases to have effect in relation to the purchaser for the accounting period in which the notice is given and each subsequent accounting period.
- (3) A notice given under sub-paragraph (1) does not affect any claim made by the purchaser under paragraph 22 or 23 for a loss period ending before the notice is given.
- (4) See paragraph 90 for provision about appeals against a decision to withdraw an election under this paragraph.

PART 11

TTH ELECTIONS: INACCURACIES

Penalties for errors

- 71 If a document provided for the purposes of making a TTH election contains an inaccuracy which is, or results in, an overstatement of the total TTH amount, Schedule 24 to FA 2007 has effect as if—

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- (a) the seller (and not the purchaser) is treated as giving the document to Her Majesty's Revenue and Customs,
 - (b) the inaccuracy is treated (so far as would not otherwise be the case) as leading to a false or inflated claim to repayment of tax, and
 - (c) "the potential lost revenue" in respect of the inaccuracy is an amount equal to 10% of the amount by which the total TTH amount is overstated.

Amendment of TTH election: amounts discovered to be incorrect

- 72 (1) This paragraph applies if an officer of Revenue and Customs discovers that a TTH election incorrectly states an amount that affects, or may affect, the amount in respect of which the purchaser may make a claim under –
- (a) paragraph 22 (effect of trade loss relief provisions), or
 - (b) paragraph 23 (supplementary charge: repayment of tax).
- (2) The officer –
- (a) may amend the TTH election to correct that amount, subject to paragraph 73, and
 - (b) must give notice to the purchaser of an amendment under paragraph (a).
- (3) But the power to amend the TTH election under this paragraph may only be exercised if, at the time the election was approved by an officer of Revenue and Customs (see paragraph 58), the officer could not have been reasonably expected, on the basis of the information made available to the officer before that time, to be aware that the amount stated was incorrect.
- (4) An amendment under this paragraph may not be made more than 12 months after information that, in the opinion of an officer of Revenue and Customs, justifies the correction of the TTH election, comes to the officer's attention.
- (5) An amendment under this paragraph is to be ignored for the purposes of the application of Part 3 of this Schedule (effect of a TTH election on the seller).
- (6) See paragraph 90 for provision about appeals against a decision under this paragraph.
- 73 (1) This paragraph applies if, before the correction under paragraph 72 is made, an activated transferred profits amount for a pre-acquisition accounting period has been applied in accordance with paragraph 22(2)(b) or (3)(b).
- (2) An amendment made under paragraph 72(2) may not –
- (a) reduce the transferred profits amount for that pre-acquisition accounting period by an amount which is greater than the amount that has been applied, in respect of loss periods ending before the determination is made, in accordance with paragraph 22 for the pre-acquisition accounting period, or
 - (b) reduce the total TTH amount by an amount which is greater than the total of the amounts that have been applied in accordance with paragraph 22 in respect of loss periods ending before the determination is made.

PART 12

CHARGEABLE GAINS

Transferred tax history is not to be regarded as an asset

- 74 Where the seller and the purchaser jointly make a TTH election in respect of the TTH asset, the transfer of tax history is not to be treated as the disposal or acquisition of an asset for the purposes of TCGA 1992.

Consideration for transferred tax history to be treated as consideration for the licence interest

- 75 The amount or value of consideration for the transfer of tax history is to be treated as part of the consideration for the licence interest for the purposes of –
- (a) computing the chargeable gain or allowable loss accruing on the disposal (or on any subsequent disposal) of the licence interest (see section 8 of TCGA 1992), and
 - (b) computing the disposal value of the licence interest, on its disposal, for the purposes of Part 5 of CAA 2001 (mineral extraction allowances).

Market value of the licence interest: value of transferred tax history to be taken into account

- 76 The value of the transfer of tax history is to be taken into account in determining the market value of the licence interest for the purposes of –
- (a) section 17 of TCGA 1992 (disposals and acquisitions treated as being made at market value);
 - (b) Part 5 of CAA 2001, if the disposal value of the licence interest for the purposes of that Part is the market value of the licence interest at the time of that disposal (see section 423 of CAA 2001).

Licence swaps: references to disposal include references to transfer of tax history

- 77 For the purposes of the application of sections 195A to 196 of TCGA 1992 (oil licence swaps) in relation to the disposal of the licence interest by the seller to the purchaser, references in those sections to the disposal are treated as including references to the transfer of tax history.

Interpretation of this Part

- 78 (1) References in this Part to “the transfer of tax history” are references to –
- (a) the seller, in consequence of the TTH election, ceasing to be entitled to take the transferred profits for an accounting period into account for certain corporation tax purposes in the circumstances specified in Part 3 of this Schedule, and
 - (b) the purchaser, in consequence of the TTH election, acquiring an entitlement, in the circumstances specified in Part 4 of this Schedule, to apply an amount of the transferred profits for the purposes of the trade loss relief provisions and to a corresponding repayment of supplementary charge.
- (2) References in this Part to “the licence interest” are references to the interest in a UK oil licence referred to in paragraph 1.

PART 13

SUPPLEMENTARY

Multiple interests in the same oil field

- 79 (1) This paragraph applies if –
- (a) interests in more than one UK oil licence are sold by the seller to the purchaser at the same time, and
 - (b) the seller and the purchaser would be entitled to jointly make a TTH election in respect of more than one interest in the same oil field that falls within both licensed areas.
- (2) The seller and purchaser may jointly make a TTH election in respect of both interests in the oil field.
- (3) If an election is made in accordance with this paragraph, the interests mentioned in sub-paragraph (2) are to be treated as a single interest for the purposes of this Schedule (and references in this Schedule to “the TTH asset” are to be construed accordingly).

Multiple TTH elections

- 80 (1) This paragraph applies if, in a loss period, more than one TTH election in respect of the TTH asset has effect in relation to the purchaser.
- (2) For the purposes of paragraph 41 (allocation of activated TTH to an accounting period) –
- (a) references to the unused transferred profits amount for an accounting period are to be treated as references to the total of the unused transferred profits amounts for that period in respect of each of the TTH elections, and
 - (b) the amount in respect of a later TTH election is to be allocated to an accounting period before the amount which is subject to an earlier TTH election.

Onward sale: application of paragraphs 82 to 89

- 81 Paragraphs 82 to 89 apply if –
- (a) the purchaser (referred to in this paragraph as “the first purchaser”) and the seller jointly make a TTH election (the “first TTH election”) in respect of an interest (the “first TTH interest”) in an oil field or in part of an oil field,
 - (b) the first purchaser subsequently sells to another company (“the second purchaser”) an interest in a UK oil licence which applies to the area which includes that oil field, or that part of an oil field, and
 - (c) the first purchaser and the second purchaser jointly make a TTH election (the “subsequent TTH election”) in respect of an interest (the “subsequent TTH interest”) in that oil field, or in that part of an oil field.

Onward sale: election to treat the original TTH amount as eligible ring fence profits

- 82 (1) The first purchaser and the second purchaser may elect for the provisions of this Schedule to apply, for the purposes of the subsequent TTH election, as

if the original TTH amount for all relevant accounting periods were an amount of the first purchaser's eligible ring fence profits for that period.

- (2) Sub-paragraph (1) is subject to paragraphs 84 to 88.
 - (3) In this Part of this Schedule, "relevant accounting period" means a pre-acquisition accounting period of the first purchaser for which there is, immediately before the effective date of the subsequent TTH election, an unused transferred profits amount.
 - (4) In this Part of this Schedule, references to the "original TTH amount" mean, in relation to a relevant accounting period –
 - (a) the unused transferred profits amount for that period, or
 - (b) if the first TTH interest is not the same as the subsequent TTH interest, the relevant proportion of that amount for that period.
 - (5) For the purposes of sub-paragraph (4)(b), the "relevant proportion" is the proportion that the subsequent TTH interest bears to the first TTH interest.
 - (6) In this paragraph, references to the unused transferred profits amount for an accounting period are references to –
 - (a) the transferred profits amount for that period, less
 - (b) the activated transferred profits amounts allocated to that period under paragraph 41 in respect of a loss period of the first purchaser.
- 83 Paragraphs 84 to 88 apply if the first purchaser and the second purchaser make an election under paragraph 82.
- 84 The original TTH amount for an accounting period ceases to be treated, for the purposes of the first TTH election, as a transferred profits amount for that period in relation to the first purchaser.
- 85 (1) The total TTH amount may not include an amount representing the first purchaser's eligible ring fence profits for an accounting period unless it also includes an amount representing, in respect of each relevant accounting period, the original TTH amount for that period.
- (2) Paragraph 11 (consecutive accounting periods) does not apply in relation to an amount representing an original TTH amount for a relevant accounting period (but see sub-paragraph (3)).
 - (3) The total TTH amount may not include an amount representing the original TTH amount for a particular accounting period unless it also includes an amount representing the original TTH amount for the next following relevant accounting period.
 - (4) If the original TTH amount exceeds the total TTH amount, the transferred profits amount for the earliest relevant accounting period must be an amount equal to –
 - (a) the total TTH amount, less
 - (b) the transferred profits amount for later relevant accounting periods.
 - (5) For the purposes of paragraph 12 (the transferred profits amount) –
 - (a) references to the "earliest period" are to be treated as references to the earliest accounting period for which there is a transferred profits amount by reason of the first purchaser's eligible ring fence profits for that period (and not by reason of an original TTH amount for that period), and

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- (b) the reference in sub-paragraph (2) to the TTH balance for the earliest period is to be treated as a reference to the TTH balance less the transferred profits amounts for each relevant accounting period.
- 86 (1) The provisions of this Schedule apply, for the purposes of the subsequent TTH election, as if—
- (a) the transferred adjusted ring fence profits amount for each relevant accounting period, or
 - (b) if the first TTH interest is not the same as the subsequent TTH interest, the relevant proportion of that amount for that period, were an amount of the first purchaser's eligible adjusted ring fence profits for that period.
- (2) For the purposes of sub-paragraph (1)(b), "the relevant proportion" means the proportion that the subsequent TTH interest bears to the first TTH interest.
- 87 In the application of this Schedule for the purposes of the subsequent TTH election—
- (a) in sub-paragraphs (2)(b) and (3)(b) of paragraph 27 (TTH activation event), and in paragraph 28 (decommissioning expenditure amount), references to a post-acquisition accounting period of the purchaser include references to a post-acquisition accounting period of the first purchaser;
 - (b) references in this Schedule to a pre-acquisition accounting period of the purchaser include references to a pre-acquisition accounting period of the first purchaser;
 - (c) references in paragraphs 82 to 86 to an amount of the first purchaser's eligible ring fence profits do not include references to an original TTH amount.
- 88 In the case of a sale by the second purchaser, or a subsequent sale, of an interest within paragraph 81(c) in respect of which the parties make a TTH election—
- (a) references in paragraph 85 to the original TTH amount are references to the original TTH amount in relation to each election, and
 - (b) amounts in relation to earlier elections are to be applied for the purposes of paragraph 85(1) and (3) before amounts in relation to later elections.

Onward sale: tracking

- 89 (1) This paragraph applies if, after the effective date of the subsequent TTH election, the first purchaser continues to be liable for the decommissioning costs, or for a proportion of the decommissioning costs, for the original TTH interest.
- (2) In the application of this Schedule for the purposes of the subsequent TTH election, references to the "purchaser" in paragraph 63 are to be treated, in respect of the period beginning with the effective date of the subsequent TTH election, as including references to the second purchaser.

Appeals

- 90 (1) A person may appeal against—

- (a) a decision to refuse to approve a TTH election under paragraph 59(1);
 - (b) a decision that a penalty under paragraph 66 is payable by that person;
 - (c) a decision to withdraw a TTH election under paragraph 70;
 - (d) a decision to amend a TTH election under paragraph 72 (amounts discovered to be incorrect).
- (2) Notice of an appeal must be given—
- (a) in writing,
 - (b) before the end of the period of 30 days beginning with the date on which notice of the decision is given, and
 - (c) to an officer of Revenue and Customs.
- (3) Notice of an appeal must state the grounds of appeal.
- (4) On an appeal that is notified to the tribunal, the tribunal may confirm or cancel the decision.
- (5) If a decision under paragraph 70 (withdrawal) is cancelled, the TTH election is to be treated as having had continuing effect (subject to any further appeal).
- (6) Subject to this paragraph and (in the case of an appeal within paragraph sub-paragraph (1)(b)) paragraph 68, the provisions of Part 5 of TMA 1970 relating to appeals have effect in relation to appeals under this paragraph as they have effect in relation to appeals against an assessment to corporation tax.

Anti-avoidance

- 91 (1) If a person enters into arrangements within sub-paragraph (2), an officer of Revenue and Customs may—
- (a) amend a TTH election, or
 - (b) amend or disallow a claim,
- to secure that the election or claim has effect as if the arrangements had not been entered into.
- (2) Arrangements are within this sub-paragraph if it is reasonable to regard the arrangements as—
- (a) designed to secure that an entitlement to a repayment, or an increased repayment, of tax by reason of the application of any provision of this Schedule, arises earlier than would (apart from the arrangements) be the case,
 - (b) circumventing the intended limits of the provisions of this Schedule on an amount that is relevant for the purposes of determining a repayment of tax by reference to those provisions, or
 - (c) otherwise exploiting shortcomings in those provisions.
- (3) In this paragraph, “arrangements” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable).
- 92 (1) If relief is given to a person under the trade loss relief provisions by reference to an amount of the seller’s ring fence profits which (by reason of the application of the provisions of this Schedule) is treated as if it were an

amount of the purchaser's profits, no relief may be given to any other person by reference to the same amount.

- (2) If a repayment of supplementary charge is made to a person by reference to an amount of the seller's adjusted ring fence profits which (by reason of the application of the provisions of this Schedule) is treated as if it were an amount of the purchaser's adjusted ring fence profits, no repayment may be made to any other person by reference to the same amount.

PART 14

INTERPRETATION

Introductory

- 93 The following definitions apply for the purposes of this Schedule.
- 94 Expressions used in this Schedule that are defined for the purposes of Part 8 of CTA 2010 (oil activities) have the same meaning in this Schedule as in Part 8 of that Act.

"UK oil licence"

- 95 "UK oil licence" means a licence granted under –
- (a) Part 1 of the Petroleum Act 1998, or
 - (b) the Petroleum (Production) Act (Northern Ireland) 1964 (c.28 (N.I.)).

"Licensed area" and "transferred oil field"

- 96 In this Schedule –
- (a) references to the "licensed area" are references to the area to which the UK oil licence mentioned in paragraph 1 applies, and
 - (b) references to a "transferred oil field" are references to an oil field, or such part of an oil field, that falls within the licensed area.

The seller's "reference accounting period"

- 97 (1) The seller's "reference accounting period" is the accounting period which is, at the effective date of the election, the seller's most recent qualifying accounting period in respect of which the amendment period has ended.
- (2) The "amendment period", in relation to an accounting period, is 12 months beginning with the filing date for the company tax return for the accounting period.
- (3) In this paragraph "filing date" has the same meaning as in Schedule 18 to FA 1998 (see paragraph 14 of that Schedule).

The purchaser's "reference accounting period"

- 98 (1) The "purchaser's reference accounting period" means –
- (a) an accounting period of the purchaser that begins with the same date as, and ends with the same date as, the seller's reference accounting period, or

- (b) if no accounting period of the purchaser falls within paragraph (a), the earliest accounting period of the purchaser that overlaps with the seller's reference accounting period.
- (2) See paragraph 101 for provision about accounting periods prior to the incorporation of the purchaser.

The seller's "pre-transfer accounting periods"

- 99 Each of the following is a "pre-transfer accounting period" of the seller –
- (a) the reference accounting period (see paragraph 97), and
 - (b) each preceding accounting period.

The purchaser's "pre-acquisition accounting periods" and "post-acquisition accounting periods"

- 100 (1) Each of the following is a "pre-acquisition accounting period" of the purchaser –
- (a) the purchaser's reference accounting period, and
 - (b) each preceding accounting period.
- (2) Each of the following is a "post-acquisition accounting period" of the purchaser –
- (a) the first accounting period after the purchaser's reference accounting period,
 - (b) each subsequent accounting period, and
 - (c) each period which is a notional accounting period for the purposes of section 165 or section 416ZA of CAA 2001.
- (3) See paragraph 101 for provision about accounting periods prior to the incorporation of the purchaser.

Accounting periods prior to the incorporation of the purchaser

- 101 (1) This paragraph applies if the date on which the purchaser is incorporated (the "incorporation date") falls after the end of the seller's reference accounting period.
- (2) The provisions of this Schedule have effect as if the purchaser had –
- (a) an accounting period of 12 months ending on the day before the incorporation date, and
 - (b) successive accounting periods of 12 months in the preceding period.

"Transferred profits amount" and "activated transferred profits amount"

- 102 In this Schedule –
- (a) references to the "transferred profits amount" for an accounting period of the seller are references to the amount representing the seller's ring fence profits for that period which forms part of the total TTH amount, and
 - (b) references to the "activated transferred profits amount" for an accounting period means the amount allocated to that period under paragraph 41.

“Trade loss relief provisions”

- 103 “Trade loss relief provisions” means 37 to 44 of CTA 2010 (trade losses: carry back relief etc).