



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

[^{F1}CHAPTER 5A

EXTENDED RING FENCE EXPENDITURE SUPPLEMENT FOR ONSHORE ACTIVITIES

[^{F1}Application and interpretation

Textual Amendments

- F1** Pt. 8 Ch. 5A inserted (with effect in accordance with Sch. 14 para. 4 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 14 para. 1](#)

329B Qualifying companies

- (1) This Chapter applies in relation to any company which—
 - (a) carries on a ring fence trade, or
 - (b) is engaged in any activities with a view to carrying on a ring fence trade.
- (2) In this Chapter such a company is referred to as a “qualifying company”.

329C Onshore and offshore oil-related activities

- (1) This section applies for the purposes of this Chapter.
- (2) “Onshore oil-related activities” has the same meaning as in Chapter 8 (supplementary charge: onshore allowance) (see section 356BA).

Status: Point in time view as at 17/07/2014.

Changes to legislation: Corporation Tax Act 2010, Cross Heading: Application and interpretation is up to date with all changes known to be in force on or before 19 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

- (3) “Offshore oil-related activities” means oil-related activities that are not onshore oil-related activities.

329D Accounting periods and straddling periods

- (1) In this Chapter, in the case of a qualifying company—
- “the commencement period” means the accounting period in which the company sets up and commences its ring fence trade,
 - “post-commencement period” means an accounting period ending on or after 5 December 2013—
 - (a) which is the commencement period, or
 - (b) which ends after the commencement period, and
 - “pre-commencement period” means an accounting period ending—
 - (a) on or after 5 December 2013, and
 - (b) before the commencement period.
- (2) For the purposes of this Chapter, a company not within the charge to corporation tax which incurs any expenditure is to be treated as having such accounting periods as it would have if—
- (a) it carried on a trade consisting of the activities in respect of which the expenditure is incurred, and
 - (b) it had started to carry on that trade when it started to carry on the activities in the course of which the expenditure is incurred.
- (3) In this Chapter, “straddling period” means an accounting period beginning before and ending on or after 5 December 2013.

329E The relevant percentage

- (1) For the purposes of this Chapter, the relevant percentage for an accounting period is 10%.
- (2) The Treasury may by order vary the percentage for the time being specified in subsection (1) for such accounting periods as may be specified in the order.

329F Restrictions on accounting periods for which additional supplement may be claimed

- (1) A company may claim additional supplement under this Chapter in respect of no more than 4 accounting periods.
- (2) The accounting periods in respect of which claims are made need not be consecutive.
- (3) The additional supplement under this Chapter—
- (a) is additional to any supplement allowed under Chapter 5, but
 - (b) may only be claimed for accounting periods which fall after 6 accounting periods for which supplement is allowed as a result of claims by the company under Chapter 5.

Status: Point in time view as at 17/07/2014.

Changes to legislation: Corporation Tax Act 2010, Cross Heading: Application and interpretation is up to date with all changes known to be in force on or before 19 August 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details)

329G Qualifying pre-commencement onshore expenditure

- (1) For the purposes of this Chapter, expenditure is “qualifying pre-commencement onshore expenditure” if it meets Conditions A to D.
- (2) Condition A is that the expenditure is incurred on or after 5 December 2013.
- (3) Condition B is that the expenditure is incurred in the course of oil extraction activities which are onshore oil-related activities.
- (4) Condition C is that the expenditure is incurred by a company with a view to carrying on a ring fence trade, but before the company sets up and commences that ring fence trade.
- (5) Condition D is that the expenditure—
 - (a) is subsequently allowable as a deduction in calculating the profits of the ring fence trade for the commencement period (whether or not any part of it is so allowable for any post-commencement period), or
 - (b) is relevant R&D expenditure incurred by an SME.
- (6) For the purposes of this section, expenditure incurred by a company is “relevant R&D expenditure incurred by an SME” if—
 - (a) the company makes an election under section 1045 of CTA 2009 (alternative treatment for pre-trading expenditure: deemed trading loss) in respect of that expenditure, but
 - (b) the company does not make a claim for an R&D tax credit under section 1054 of that Act in respect of that expenditure.
- (7) In the case of any qualifying pre-commencement onshore expenditure which is relevant R&D expenditure incurred by an SME, the amount of that expenditure is treated for the purposes of this Chapter as being equal to 150% of its actual amount.
- (8) In the case of any qualifying pre-commencement onshore expenditure which is relevant R&D expenditure incurred by a large company, the amount of that expenditure is treated for the purposes of this Chapter as being equal to 125% of its actual amount.
- (9) In subsection (8) “relevant R&D expenditure incurred by a large company” means qualifying Chapter 5 expenditure, as defined in section 1076 of CTA 2009.

329H Unrelieved group ring fence profits

In this Chapter “unrelieved group ring fence profits” has the same meaning as in Chapter 5 (see sections 313 and 314).]

Status:

Point in time view as at 17/07/2014.

Changes to legislation:

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