

*Status: Point in time view as at 12/02/2019.*

*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2019,  
Cross Heading: Effect of a TTH election: supplementary charge. (See end of Document for details)*

## SCHEDULES

### SCHEDULE 15

#### OIL ACTIVITIES: TRANSFERABLE TAX HISTORY

#### PART 3

##### EFFECT OF A TTH ELECTION ON THE SELLER

##### *Effect of a TTH election: supplementary charge*

- 19 Paragraphs 20 and 21 apply in relation to an accounting period for which there is a transferred profits amount.
- 20 (1) 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.
- (2) 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 transferred proportion of the seller's eligible adjusted ring fence profits for the period.
- 21 (1) For the purposes of the application of any provision of Part 4 or Part 8 of CTA 2010 in relation to the seller—
- (a) the amount of each ARFP component, or (in the case of the earliest period) an amount equal to the transferred proportion of each ARFP component, for the accounting period is to be disregarded, and
  - (b) in the case of the earliest period, references in those provisions to an ARFP component for the accounting period are to be treated as references to the retained proportion of that ARFP component for the period.
- (2) “ARFP component”, in relation to an accounting period, means—
- (a) the financing costs for the period that are left out of account for the purposes of the assumption mentioned in section 330(3) of CTA 2010, and
  - (b) the amount of any reduction of the seller's adjusted ring fence profits by reference to the cumulative total amount of activated allowance for the period under any of the following provisions of CTA 2010—
    - (i) section 332E (investment allowance),
    - (ii) section 356D (onshore allowance), and
    - (iii) section 356JG (cluster area allowance).
- (3) See paragraph 17 for provision about disregarding the transferred profits amount for an accounting period.

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- (4) Sub-paragraph (1) does not apply in relation to the application of any provision for the purposes of determining the seller's eligible adjusted ring fence profits for an accounting period for the purposes of this Schedule.
- 22 (1) For the purposes of paragraphs 20(2) and 21(1)—
- (a) “earliest period” has the meaning given by paragraph 12(4),
  - (b) the “transferred 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, and
  - (c) the “retained proportion” is the same as the proportion that the retained profits amount for the accounting period bears to the seller's ring fence profits amount for the period.
- (2) In sub-paragraph (1)(c), “retained profits amount” means the amount of the difference between the amount of the seller's ring fence profits for the earliest period and the transferred profits amount for that period.
- (3) For the purposes of this Schedule, 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 TTH election is made, the seller's liability to tax under that section in respect of the adjusted ring fence profits has been discharged in full.

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