



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

CHAPTER 2

BASIC DEFINITIONS

271 “Associated companies”

- (1) For the purposes of this Part two companies are associated with one another if—
 - (a) one is a 51% subsidiary of the other,
 - (b) each is a 51% subsidiary of a third company,
 - (c) one is owned by a consortium of which the other is a member,
 - (d) one has control of the other, or
 - (e) both are under the control of the same person.
- (2) For the purposes of this section—
 - (a) a company is owned by a consortium if at least 75% of the company's ordinary share capital is beneficially owned by other companies each of which beneficially owns at least 5% of that capital, and
 - (b) the other companies each owning at least 5% of that capital are the members of the consortium.
- (3) In this section “control” has the same meaning as in Part 10 (close companies) (see sections 450 and 451).

272 “Oil extraction activities”

- (1) In this Part “oil extraction activities” means activities within any of subsections (2) to (5) (but see also section 291(6)).

Status: Point in time view as at 06/04/2010.

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- (2) Activities of a company in searching for oil in the United Kingdom or a designated area or causing such searching to be carried out for it.
- (3) Activities of a company in extracting, or causing to be extracted for it, oil at any place in the United Kingdom or a designated area under rights which—
 - (a) authorise the extraction, and
 - (b) are held by it or by a company associated with it.
- (4) Activities of a company in transporting, or causing to be transported for it, oil extracted at any such place not on dry land under rights which—
 - (a) authorise the extraction, and
 - (b) are held as mentioned in subsection (3)(b),
 if the transportation meets condition A or B (see subsections (6) and (7)).
- (5) Activities of a company in effecting, or causing to be effected for it, the initial treatment or initial storage of oil won from any oil field under rights which—
 - (a) authorise its extraction, and
 - (b) are held as mentioned in subsection (3)(b).
- (6) Condition A is that the transportation is to the place where the oil is first landed in the United Kingdom.
- (7) Condition B is that the transportation—
 - (a) is to the place in the United Kingdom, or
 - (b) in the case of oil first landed in another country, is to the place in that or any other country (other than the United Kingdom),
 at which the seller in a sale at arm's length could reasonably be expected to deliver it (or, if there is more than one such place, the one nearest to the place of extraction).
- (8) The definition of “initial storage” in section 12(1) of OTA 1975 applies for the purposes of this section.
- (9) But in its application for those purposes in relation to the company mentioned in subsection (5) and to oil won from any one oil field, that definition is to have effect as if the reference to the maximum daily production rate of oil for the field mentioned in that definition were to a share of that maximum daily production rate proportionate to that company's share of the oil won from that field.
- (10) In this section “initial treatment” has the same meaning as in Part 1 of OTA 1975 (see section 12(1) of that Act).

273 “Oil rights”

In this Part “oil rights” means—

- (a) rights to oil to be extracted at any place in the United Kingdom or a designated area, or
- (b) rights to interests in or to the benefit of such oil.

274 “Oil-related activities”

In this Part “oil-related activities” means—

- (a) oil extraction activities, and

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- (b) any activities consisting of the acquisition, enjoyment or exploitation of oil rights.

275 “Ring fence income”

In this Part “ring fence income” means income arising from oil extraction activities or oil rights.

276 “Ring fence profits”

In this Part “ring fence profits”, in relation to an accounting period, means—

- (a) if in accordance with section 197(3) of TCGA 1992 a company has an aggregate gain for that period, that gain and that company's ring fence income (if any) for that period, or
- (b) otherwise, that company's ring fence income for that period.

277 “Ring fence trade”

In this Part “ring fence trade” means activities which—

- (a) are within the definition of “oil-related activities” in section 274, and
- (b) constitute a separate trade (whether because of section 279 or otherwise).

278 Other definitions

In this Part—

“chargeable period” has the same meaning as in Part 1 of OTA 1975 (see section 1(3) of that Act),

“designated area” means an area designated by Order in Council under section 1(7) of the Continental Shelf Act 1964,

“oil” means any substance won or capable of being won under the authority of a licence granted under Part 1 of the Petroleum Act 1998 or the Petroleum (Production) Act (Northern Ireland) 1964 (c. 28 (N.I.)), other than methane gas won in the course of operations for making and keeping mines safe,

“oil field” has the same meaning as in Part 1 of OTA 1975 (see section 12(1) of that Act),

“OTA 1975” means the Oil Taxation Act 1975, and

“participator” has the same meaning as in Part 1 of OTA 1975 (see section 12(1) of that Act).

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