



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

[^{F1}CHAPTER 3A

RATES AT WHICH CORPORATION TAX IS CHARGED ON RING FENCE PROFITS

Textual Amendments

- F1** Pt. 8 Ch. 3A inserted (with effect in accordance with Sch. 1 para. 22 of the amending Act) by [Finance Act 2014 \(c. 26\)](#), [Sch. 1 para. 5\(3\)](#)

The rates

279A Corporation tax rates on ring fence profits

- (1) Corporation tax is charged on ring fence profits at the main ring fence profits rate.
- (2) But subsection (3) provides for tax to be charged at the small ring fence profits rate instead of the main ring fence profits rate in certain circumstances.
- (3) Corporation tax is charged at the small ring fence profits rate on a company's ring fence profits of an accounting period if—
 - (a) the company is UK resident in the accounting period,
[it is not a close investment-holding company in the period,] and
 - ^{F2(ab)} (b) its augmented profits of the accounting period do not exceed the lower limit.

- (4) In this Act—

“the main ring fence profits rate” means 30%, and

Changes to legislation: Corporation Tax Act 2010, CHAPTER 3A is up to date with all changes known to be in force on or before 10 July 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) View outstanding changes

“the small ring fence profits rate” means 19%.

Textual Amendments

- F2** S. 279A(3)(ab) inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 5**

Marginal relief

279B Company with only ring fence profits

- (1) This section applies if—
- (a) a company is UK resident in an accounting period,
 - ^{F3}(ab) [it is not a close investment-holding company in the period,]
 - (b) its augmented profits of the accounting period—
 - (i) exceed the lower limit, but
 - (ii) do not exceed the upper limit, and
 - (c) its augmented profits of that period consist exclusively of ring fence profits.
- (2) The corporation tax charged on the company's taxable total profits of the accounting period is reduced by an amount equal to—

$$R \times (U - A) \times (N A)$$

where—

R is the [^{F4}ring fence marginal] relief fraction,

U is the upper limit,

A is the amount of the augmented profits, and

N is the amount of the taxable total profits.

- (3) In this Chapter “the [^{F5}ring fence marginal] relief fraction” means 11/400ths.

Textual Amendments

- F3** S. 279B(1)(ab) inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 6(a)**
- F4** Words in s. 279B(2) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 6(b)**
- F5** Words in s. 279B(3) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 6(c)**

279C Company with ring fence profits and other profits

- (1) This section applies if—
- (a) a company is UK resident in an accounting period,
 - ^{F6}(ab) [it is not a close investment-holding company in the period,]

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- (b) its augmented profits of the accounting period—
 - (i) exceed the lower limit, but
 - (ii) do not exceed the upper limit, and
- (c) its augmented profits of that period consist of both ring fence profits and other profits.

[^{F7}(2) The corporation tax charged on the company's taxable total profits of the accounting period is reduced by the total of—

- (a) the sum equal to the ring fence marginal relief fraction of the ring fence amount, and
- (b) the sum equal to the standard marginal relief fraction of the remaining amount.]

Textual Amendments

- F6** S. 279C(1)(ab) inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 7(2)**
- F7** S. 279C(2) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 7(3)**

279D The ring fence amount

(1) In section 279C “the ring fence amount” means the amount given by the formula—

$$(UR - AR) \times (NR / AR)$$

(2) In this section—

$$AR = A$$

UR is the amount given by multiplying the upper limit by—

AR is the total amount of any ring fence profits that form part of the augmented profits of the accounting period,

NR is the total amount of any ring fence profits that form part of the taxable total profits of the accounting period, and

A is the amount of the augmented profits of the accounting period.

[^{F8}279DA] The remaining amount

(1) In section 279C “the remaining amount” means the amount given by the formula—

$$(UZ - AZ) \times NZ / AZ$$

(2) In this section—

UZ is the amount given by multiplying the upper limit by—

AZ is the total amount of any profits other than ring fence profits that form part of the augmented profits of the accounting period,

NZ is the total amount of any profits other than ring fence profits that form part of the taxable total profits of the accounting period, and

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A is the amount of the augmented profits of the accounting period.]

Textual Amendments

- F8** S. 279DA inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 8](#)

The lower limit and the upper limit

279E The lower limit and the upper limit

- (1) This section gives the meaning in this Chapter of “the lower limit” and “the upper limit” in relation to an accounting period of a company (“A”).
- (2) ^{F9}If A has no associated company] in the accounting period—
 - (a) the lower limit is ^{F10}£50,000], and
 - (b) the upper limit is ^{F11}£250,000].
- (3) ^{F12}If A has one or more associated companies] in the accounting period—
 - (a) the lower limit is—^{F13}

$$£ 300,000 (1 + N)$$

and
 - (b) the upper limit is—^{F14}

$$£ 1, 500,000 (1 + N)$$

where N is the number of those related 51% group companies.
- (4) For an accounting period of less than 12 months the lower limit and the upper limit are proportionately reduced.

Textual Amendments

- F9** Words in s. 279E(2) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(2\)\(a\)](#)
- F10** Sum in s. 279E(2)(a) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(2\)\(b\)](#)
- F11** Sum in 2. 279E(2)(b) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(2\)\(c\)](#)
- F12** Words in s. 279E(3) substituted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(3\)\(a\)](#)
- F13** S. 279E(3)(a): “£50,000” substituted for “£300,000” (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(3\)\(b\)](#)
- F14** S. 279E(3)(b): “£250,000” substituted for “£1,500,000” (with effect in accordance with Sch. 1 para. 34 of the amending Act) by [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 9\(3\)\(c\)](#)

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[^{F15}Supplementary

Textual Amendments

F15 S. 279EA and cross-heading inserted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by Finance Act 2021 (c. 26), **Sch. 1 para. 10**

279EA Interpretation etc

- (1) The rules in Part 3A (see sections 18E to 18J) which apply for determining whether a company is another company's associated company in an accounting period for the purposes of section 18D apply for the purposes of section 279E.
- (2) Section 18K (power to obtain information) applies for the purposes of this Part as it applies for the purposes of Part 3A.
- (3) For the purposes of this Chapter—
 - “augmented profits” has the same meaning as in Part 3A (see sections 18L and 18M), and
 - “close investment-holding company” has the same meaning as in that Part (see section 18N).]]

Related 51% group companies

^{F16}279F “Related 51% group company”

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Textual Amendments

F16 Ss. 279F-279H omitted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by virtue of Finance Act 2021 (c. 26), **Sch. 1 para. 11**

Augmented profits

^{F16}279G “Augmented profits”

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Textual Amendments

F16 Ss. 279F-279H omitted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by virtue of Finance Act 2021 (c. 26), **Sch. 1 para. 11**

^{F16}279H Interpretation of section 279G(3) and (4)

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Textual Amendments

F16 Ss. 279F-279H omitted (with effect in accordance with Sch. 1 para. 34 of the amending Act) by virtue of [Finance Act 2021 \(c. 26\)](#), [Sch. 1 para. 11](#)

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 357CHA omitted by [2024 c. 3 Sch. 2 para. 14\(7\)](#)
- s. 658(1)(d)(e) inserted by [2010 c. 13 Sch. 6 para. 31](#) (This amendment not applied to [legislation.gov.uk](#). Sch. 6 para. 31 omitted (retrospective to 6.4.2010) by virtue of Finance Act 2012 (c. 14), s. 52(2) (3))