



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

CHAPTER 5

RING FENCE EXPENDITURE SUPPLEMENT

Introduction

307 Overview of Chapter

- (1) This Chapter entitles a company carrying on a ring fence trade, on making a claim in respect of an accounting period, to a supplement in respect of—
 - (a) qualifying pre-commencement expenditure incurred before the trade is set up and commenced,
 - (b) losses incurred in the trade, and
 - (c) some or all of the supplement allowed in respect of earlier periods.
- (2) Sections 308 to 314 make provision about the application and interpretation of this Chapter.
- (3) Sections 315 to 320 make provision about supplement in relation to expenditure incurred by the company—
 - (a) with a view to carrying on a ring fence trade, but
 - (b) in an accounting period before the company sets up and commences that trade.
- (4) Sections 321 to 329 make provision about supplement in relation to losses incurred in carrying on the ring fence trade.
- (5) There is a limit (of [^{F1}10]) on the number of accounting periods in respect of which a company may claim supplement.

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- (6) In determining the amount of supplement allowable, reductions fall to be made in respect of—
- (a) disposal receipts in respect of any asset representing qualifying pre-commencement expenditure.
 - (b) ring fence losses that could be deducted under section 37 (relief for trade losses against total profits) or section 42 (ring fence trades: further extension of period for relief) from ring fence profits of earlier periods,
 - [^{F2}(c) relief given under sections 45, 45B, 303B, 303C and 303D for ring fence losses carried forward from earlier periods,]
 - (d) unrelieved group ring fence profits.

Textual Amendments

- F1** Word in s. 307(5) substituted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 2](#)
- F2** S. 307(6)(c) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 51](#)

Application and interpretation

308 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”.

309 Accounting 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 beginning on or after 1 January 2006—
 - (a) which is the commencement period, or
 - (b) which ends after the commencement period, and - “pre-commencement period” means an accounting period—
 - (a) beginning on or after 1 January 2006, and
 - (b) ending 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.

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- (3) In the case of an accounting period (a “straddling period”) of a qualifying company beginning before 1 January 2006 and ending on or after that date—
- (a) so much of the straddling period as falls before 1 January 2006, and
 - (b) so much of the straddling period as falls on or after that date,
- are treated as separate accounting periods for the purposes of this Chapter.
- (4) But special provision is made elsewhere in this ^[F3]Chapter—
- (a) in relation to straddling periods (see sections 311, 324 and 327(4) to (7)), and
 - (b) in relation to accounting periods which begin before, but end on or after, 5 December 2013 (see sections 311(1C), 318A and 328A).]

Textual Amendments

- F3** Words in s. 309(4) substituted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by Finance Act 2015 (c. 11), Sch. 11 para. 3

310 The relevant percentage

- (1) For the purposes of this Chapter, the relevant percentage for an accounting period is ^[F4]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.

Textual Amendments

- F4** Figure in s. 310(1) substituted (with effect in accordance with art. 1(2) of the amending S.I.) by The Corporation Tax (Variation of the Relevant Percentage) Order 2011 (S.I. 2011/2885), arts. 1(2), 2

311 Limit on number ^[F5]etc] of accounting periods for which supplement may be claimed

- (1) A company may claim supplement under this Chapter in respect of no more than ^[F6]10] accounting periods.

^[F7](1A) In this Chapter—

“the initial 6 periods” means the first 6 accounting periods (in chronological order) for which the company claims supplement under this Chapter;

“the additional 4 periods” means the 4 accounting periods after the initial 6 periods for which the company claims supplement under this Chapter.

(1B) None of the additional 4 periods may be accounting periods beginning before 5 December 2013.

(1C) But, where—

- (a) a company has an accounting period which begins before 5 December 2013 and ends on or after that date, and
- (b) that accounting period falls after the initial 6 accounting periods,

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so much of that accounting period as falls before 5 December 2013 and so much of it as falls on or after that date are treated as separate accounting periods for the purposes of this Chapter.]

- (2) The accounting periods in respect of which claims are made need not be consecutive.
- (3) A claim for supplement by the company under Schedule 19B to ICTA (exploration expenditure supplement) in respect of an accounting period is to count for the purposes of this section as a claim for supplement under this Chapter in respect of that accounting period.
- (4) But, if the company makes a claim for supplement under this Chapter in respect of the deemed accounting period, any claim for supplement by the company under Schedule 19B to ICTA in respect of the Schedule 19B deemed accounting period is to be ignored for the purposes of this section.

- (5) In subsection (4)—

“the deemed accounting period” means the deemed accounting period under section 309(3) beginning on 1 January 2006, and

“the Schedule 19B deemed accounting period” means the deemed accounting period under paragraph 3(3) of Schedule 19B to ICTA ending before 1 January 2006.

Textual Amendments

- F5** Word in s. 311 heading inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 4\(4\)](#)
- F6** Word in s. 311(1) substituted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 4\(2\)](#)
- F7** S. 311(1A)-(1C) inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 4\(3\)](#)

312 Qualifying pre-commencement expenditure

- (1) For the purposes of this Chapter, expenditure is “qualifying pre-commencement expenditure” if it meets each of conditions A to D.
- (2) Condition A is that the expenditure is incurred on or after 1 January 2006.
- (3) Condition B is that the expenditure is incurred in the course of oil extraction 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 the 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—

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- (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 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.

^{F8}(8)

^{F8}(9)

Textual Amendments

F8 S. 312(8)(9) omitted (with effect in accordance with Sch. 15 paras. 28, 29 of the amending Act) by virtue of [Finance Act 2013 \(c. 29\)](#), [Sch. 15 para. 24\(2\)](#)

313 Unrelieved group ring fence profits for accounting periods

- (1) There is an amount of unrelieved group ring fence profits for an accounting period of a qualifying company (“company Q”) if—
- (a) the company and any other company (“company X”) are members of the same group, and
 - (b) company X has an amount of taxable ring fence profits (see section 314) for a corresponding accounting period.
- (2) An accounting period of company X corresponds to an accounting period of company Q if—
- (a) it coincides with, or falls wholly within, the accounting period of company Q, or
 - (b) it falls partly within the accounting period of company Q.
- (3) If an accounting period of company X—
- (a) coincides with an accounting period of company Q, or
 - (b) falls wholly within an accounting period of company Q,
- there is, for the accounting period of company Q, an amount of unrelieved group ring fence profits equal to the whole of company X's taxable ring fence profits for its accounting period.
- (4) If an accounting period of company X falls partly within an accounting period of company Q—
- (a) there is an amount of unrelieved group ring fence profits for the accounting period of company Q, and
 - (b) that amount is an amount equal to the part of company X's taxable ring fence profits for its accounting period that is attributable, on an apportionment in accordance with section 1172, to the part of that period which falls within the accounting period of company Q.

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- (5) For the purposes of this section, two companies are members of the same group if they are members of the same group of companies within the meaning of Part 5 (group relief).
- (6) This section applies for the purposes of this Chapter.

314 Taxable ring fence profits for an accounting period

For the purposes of this Chapter, a company has taxable ring fence profits for an accounting period if it has an amount of ring fence profits which is chargeable to corporation tax for that accounting period after any group relief claimed under Part 5 (group relief).

Pre-commencement supplement

315 Supplement in respect of a pre-commencement accounting period

- (1) If—
 - (a) a qualifying company incurs qualifying pre-commencement expenditure in respect of a ring fence trade, and
 - (b) the expenditure is incurred before the commencement period,
 the company may claim supplement under this section (“pre-commencement supplement”) in respect of one or more pre-commencement periods.
- (2) Any pre-commencement supplement allowed on a claim in respect of a pre-commencement period is to be treated as expenditure—
 - (a) which is incurred by the company in the commencement period, and
 - (b) which is allowable as a deduction in calculating the profits of the ring fence trade for that period.
- (3) The amount of the supplement for any pre-commencement period in respect of which a claim under this section is made is the relevant percentage for that period of the reference amount for that period.
- (4) If the pre-commencement period is a period of less than 12 months, the amount of the supplement for the period (apart from this subsection) is to be reduced proportionally.
- (5) Sections 316 to 319 have effect for the purpose of determining the reference amount for a pre-commencement period.

316 The mixed pool of qualifying pre-commencement expenditure and supplement previously allowed

- (1) For the purpose of determining the amount of any pre-commencement supplement, a qualifying company is to be taken to have had, at all times in the pre-commencement periods of the company, a continuing mixed pool of—
 - (a) the relevant amount (if any) which the company carries forward under Schedule 19B to ICTA,
 - (b) qualifying pre-commencement expenditure, and
 - (c) pre-commencement supplement.
- (2) The pool is to be taken to have consisted of—

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- (a) the relevant amount (if any) which the company carries forward under Schedule 19B to ICTA,
 - (b) the company's qualifying pre-commencement expenditure, allocated to the pool for each pre-commencement period in accordance with subsection (3), and
 - (c) the company's pre-commencement supplement, allocated to the pool for each pre-commencement period in accordance with subsection (4).
- (3) To allocate qualifying pre-commencement expenditure to the pool for any pre-commencement period, take the following steps—

Step 1

Count as eligible expenditure for that period so much of the qualifying pre-commencement expenditure mentioned in section 315(1) as was incurred in that period.

Step 2

Find the total of all the eligible expenditure for that period (amount E).

Step 3

If section 317 applies, reduce amount E in accordance with that section.

Step 4

If section 318 applies, reduce (or, as the case may be, further reduce) amount E in accordance with that section.

And so much of amount E as remains after making those reductions is to be taken to have been added to the pool in that period

- (4) If any pre-commencement supplement is allowed on a claim in respect of a pre-commencement period, the amount of that supplement is to be taken to have been added to the pool in that period.
- (5) In this section references to the relevant amount (if any) which the company carries forward under Schedule 19B to ICTA are to the amount (if any) in its mixed pool for the purposes of Part 3 of Schedule 19B to ICTA immediately before 1 January 2006.
- [^{F9}(6) This section is subject to section 318A (adjustment of pool to remove pre-2013 expenditure after the initial 6 periods).]

Textual Amendments

- F9** S. 316(6) inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 5](#)

317 Reduction in respect of disposal receipts under CAA 2001

- (1) This section applies in the case of the qualifying company if—
 - (a) it incurs qualifying pre-commencement expenditure in respect of a ring fence trade in any pre-commencement period,
 - (b) it would, on the relevant assumption, be entitled to an allowance under any provision of CAA 2001 in respect of that expenditure,

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- (c) an event occurs in relation to any asset representing the expenditure in any pre-commencement period, and
 - (d) the event would, on the relevant assumption, require a disposal value (the “deductible amount”) to be brought into account under any provision of CAA 2001 for any pre-commencement period.
- (2) The relevant assumption is that the company was carrying on the ring fence trade—
- (a) when the expenditure was incurred, and
 - (b) when the event giving rise to the disposal value occurred.
- (3) For the purpose of allocating qualifying pre-commencement expenditure to the pool for each pre-commencement period—
- (a) find the total amount of the disposal values in the case of all such events (amount D), and
 - (b) taking later periods before earlier periods, reduce (but not below nil) amount E for any pre-commencement period by setting against it so much of amount D as does not fall to be set against amount E for a later pre-commencement period.
- [^{F10}(4) This section is subject to section 318A(5) (exclusion of deductible amounts in respect of pre-2013 expenditure when determining pre-commencement supplement for additional 4 periods).]

Textual Amendments

F10 S. 317(4) inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 6](#)

318 Reduction in respect of unrelieved group ring fence profits

- (1) This section applies if there is an amount of unrelieved group ring fence profits for a pre-commencement period.
- (2) For the purpose of allocating qualifying pre-commencement expenditure to the pool for that period—
 - (a) find so much (if any) of amount E for that period as remains after any reduction falling to be made under section 317, and
 - (b) reduce that amount (but not below nil) by setting against it a sum equal to the aggregate of the amounts of unrelieved group ring fence profits for the period.

[^{F11}318A Adjustment of pool to remove pre-2013 expenditure after the initial 6 periods

- (1) This section applies for the purposes of determining the amount of any pre-commencement supplement on any claim made by a company for supplement under this Chapter in respect of an accounting period which is one of the additional 4 periods.
- (2) The pool which (under section 316) the company is to be taken to have had, at all times in the pre-commencement periods of the company, is to be taken to have been reduced at the time specified in subsection (4).
- (3) The amount of the reduction is the sum of—

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- (a) the relevant amount (if any) which the company carries forward under Schedule 19B to ICTA,
 - (b) the total amount of qualifying pre-commencement expenditure allocated to the pool for pre-commencement periods beginning before 5 December 2013, and
 - (c) the total amount of the company's pre-commencement supplement allocated to the pool for pre-commencement periods beginning before that date.
- (4) The time is—
- (a) immediately after the last of the initial 6 periods, or
 - (b) if later, 5 December 2013.
- (5) Subsection (3) of section 317 (reduction in respect of disposal receipts under CAA 2001) has effect as if the reference in paragraph (a) of that subsection to “all such events” did not include events occurring in relation to an asset representing expenditure incurred before 5 December 2013.
- (6) Where a company has a pre-commencement period (“the straddling 2013 period”) which begins before 5 December 2013 and ends on or after that date, for the purposes of making a reduction under this section—
- (a) so much of the straddling 2013 period as falls before 5 December 2013 (“the pre-2013 period”), and
 - (b) so much of that period as falls on or after that date (“the post-2013 period”),
- are to be treated as separate pre-commencement periods.
- (7) Accordingly, any amount of qualifying pre-commencement expenditure, and any amount of the company's pre-commencement supplement, allocated to the pool for the straddling 2013 period is to be—
- (a) apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each, and
 - (b) treated as allocated to the pool in question for the period in question (rather than the straddling 2013 period).
- (8) If the basis of the apportionment in subsection (7) would work unjustly or unreasonably in the company's case, the company may elect for the apportionment to be made on another basis that is just and reasonable and specified in the election.]

Textual Amendments

F11 S. 318A inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 7](#)

319 The reference amount for a pre-commencement period

For the purposes of section 315, the reference amount for a pre-commencement period is the amount in the pool at the end of the period—

- (a) after the addition to the pool of any qualifying pre-commencement expenditure allocated to the pool for that period in accordance with section 316(3), but
- (b) before determining, and adding to the pool, the amount of any pre-commencement supplement claimed in respect of the period.

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320 Claims for pre-commencement supplement

- (1) Any claim for pre-commencement supplement in respect of a pre-commencement period must be made as a claim for the commencement period.
- (2) Paragraph 74 of Schedule 18 to FA 1998 (company tax returns etc: time limit for claims for group relief) applies in relation to a claim for pre-commencement supplement as it applies in relation to a claim for group relief.

Post-commencement supplement

321 Supplement in respect of a post-commencement period

- (1) A qualifying company which incurs a ring fence loss (see section 323) in any post-commencement period may claim supplement under this section (“post-commencement supplement”) in respect of—
 - (a) that period, or
 - (b) any subsequent accounting period in which it carries on its ring fence trade.
- (2) Any post-commencement supplement allowed on a claim in respect of a post-commencement period [^{F12}beginning before 1 April 2017] is to be treated for the purposes of the Corporation Tax Acts (other than the post-commencement supplement provisions or Part 4 of Schedule 19B to ICTA) as if it were a loss—
 - (a) which is incurred in carrying on the ring fence trade in that period, and
 - (b) which falls in whole to be used under section 45 (carry forward of [^{F13}pre-1 April 2017] trade loss against subsequent trade profits) to reduce trading income from the ring fence trade in succeeding accounting periods.
- [^{F14}(2A) Any post-commencement supplement allowed on a claim in respect of a post-commencement period beginning on or after 1 April 2017 is to be treated for the purposes of the Corporation Tax Acts (other than the post-commencement supplement provisions or Part 4 of Schedule 19B to ICTA) as if it were a loss—
 - (a) which is incurred in carrying on the ring fence trade in that period, and
 - (b) which falls in whole to be used under section 45B (carry forward of post-1 April 2017 trade loss against subsequent trade profits) to reduce trading income from the ring fence trade in succeeding accounting periods.]
- (3) Paragraph 74 of Schedule 18 to FA 1998 (company tax returns etc: time limit for claims for group relief) applies in relation to a claim for post-commencement supplement as it applies in relation to a claim for group relief.
- (4) In this Chapter “the post-commencement supplement provisions” means this section and sections 322 to 329.

Textual Amendments

- F12** Words in s. 321(2) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 52(2)(a)**
- F13** Words in s. 321(2)(b) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 52(2)(b)**
- F14** S. 321(2A) inserted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 52(3)**

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322 Amount of post-commencement supplement for a post-commencement period

- (1) The amount of the post-commencement supplement for any post-commencement period in respect of which a claim under section 321 is made is the relevant percentage for that period of the reference amount for that period.
- (2) If the post-commencement period is a period of less than 12 months, the amount of the supplement for the period (apart from this subsection) is to be reduced proportionally.
- (3) Sections 325 to 329 have effect for the purpose of determining the reference amount for a post-commencement period.

323 Ring fence losses

- (1) If—
 - (a) in any post-commencement period (“the period of the loss”) a qualifying company carrying on a ring fence trade incurs a loss in the trade, and
 - ^{F15}(b) some or all of the loss falls to be carried forward to the following accounting period under section 45, 45B or 303B (carry forward of trade losses against subsequent profits)]so much of the loss as falls to be so ^{F16}carried forward] is a “ring fence loss” of the company.
- (2) In determining for the purposes of the post-commencement supplement provisions how much of a loss incurred in a ring fence trade falls to be ^{F17}carried forward] as mentioned in subsection (1)(b), the following assumptions are to be made.
- (3) The first assumption is that every claim is made that could be made by the company under section 37 (relief for trade losses against total profits) to deduct losses incurred in the ring fence trade from ring fence profits of earlier post-commencement periods.
- (4) The second assumption is that (where appropriate) section 42 (ring fence trades: further extension of period for relief) applies in relation to every such claim under section 37.
- (5) This section is subject to section 324 (special rule for straddling periods).
- (6) This section has effect for the purposes of the post-commencement supplement provisions.

Textual Amendments

- F15** S. 323(1)(b) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 53(2)(a)**
- F16** Words in s. 323(1) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 53(2)(b)**
- F17** Words in s. 323(2) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by Finance (No. 2) Act 2017 (c. 32), **Sch. 4 para. 53(3)**

324 Special rule for straddling periods

- (1) This section applies if the period of the loss is the deemed accounting period under section 309(3) beginning on 1 January 2006 (“the deemed accounting period”).

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- (2) The amount of ring fence loss in the deemed accounting period is determined as follows—

Step 1

Calculate so much of the ring fence loss in the straddling period as, for the purposes of Part 4 of Schedule 19B to ICTA, is attributable to qualifying E&A allowances for the straddling period. The amount given by this step is “the qualifying Schedule 19B amount”.

Step 2

Calculate so much of the ring fence loss in the straddling period as is attributable to allowances for the straddling period under Part 6 of CAA 2001 in respect of relevant expenditure. For the purposes of this step “relevant expenditure” means expenditure incurred by the company on or after 1 January 2006 which, but for that fact, would be qualifying E&A expenditure for the purposes of Schedule 19B to ICTA. For the purposes of this step a ring fence loss is attributable to those allowances so far as the amount of the loss (less the qualifying Schedule 19B amount) does not exceed the amount of those allowances for that period. The amount given by this step is “the amount of the post-1 January 2006 E&A allowances”.

Step 3

Deduct the qualifying Schedule 19B amount and the amount of the post-1 January 2006 E&A allowances from the amount of the ring fence loss in the straddling period.

Step 4

Apportion the remaining amount of that loss (if any) to the deemed accounting period in proportion to the number of days in the deemed accounting period that fall in the straddling period. The amount given by this step is “the amount of the apportioned loss”

Step 5

The amount of the ring fence loss in the deemed accounting period is the amount of the apportioned loss plus the amount of the post-1 January 2006 E&A allowances.

- (3) In this section “the straddling period”, in relation to a qualifying company, means an accounting period of the company—
- (a) beginning before 1 January 2006, and
 - (b) ending on or after that date,
- disregarding section 309(3).
- (4) In this section references to the ring fence loss in the straddling period are to that loss determined on the assumption that the straddling period is the period of the loss for the purposes of section 323.
- (5) This section has effect for the purposes of the post-commencement supplement provisions.

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325 The pool of ring fence losses and the pool of non-qualifying Schedule 19B losses

- (1) For the purpose of determining the amount of any post-commencement supplement, a qualifying company is to be taken at all times in its post-commencement periods to have a continuing mixed pool (the “ring fence pool”) of—
 - (a) the carried forward qualifying Schedule 19B amount (if any),
 - (b) the company's ring fence losses, and
 - (c) post-commencement supplement.
- (2) The ring fence pool continues even if the amount in it is nil.
- (3) For the purpose of determining the amount of any post-commencement supplement, a qualifying company is also to be taken in its post-commencement periods to have a non-qualifying pool consisting of the carried forward non-qualifying Schedule 19B amount.
- (4) But the non-qualifying pool ceases to exist when the amount in it is reduced to nil.
- (5) In this section—
 - “the carried forward qualifying Schedule 19B amount”, in relation to a qualifying company, means the amount in its qualifying pool for the purposes of Part 4 of Schedule 19B to ICTA immediately before 1 January 2006, and
 - “the carried forward non-qualifying Schedule 19B amount”, in relation to a qualifying company, means the amount in its non-qualifying pool for the purposes of Part 4 of Schedule 19B to that Act immediately before 1 January 2006.

326 The ring fence pool

- (1) The ring fence pool consists of—
 - (a) the carried forward qualifying Schedule 19B amount (if any),
 - (b) the company's ring fence losses, allocated to the pool in accordance with subsection (2)(a), and
 - (c) the company's post-commencement supplement, allocated to the pool in accordance with subsection (2)(b).
- (2) The allocation of ring fence losses and post-commencement supplement to the pool is made as follows—
 - (a) the amount of a ring fence loss is added to the pool in the period of the loss, and
 - (b) if any post-commencement supplement is allowed on a claim in respect of a post-commencement period, the amount of that supplement is added to the pool in that period.
- (3) The amount in the ring fence pool is subject to reductions in accordance with ^{F18}sections 327 and 328].
- (4) If a reduction in the amount in the ring fence pool falls to be made ^{F19}under section 327 or 328] in any accounting period, the reduction is to be made—
 - (a) after the addition to the pool of the amount of any ring fence losses allocated to the pool in that period in accordance with subsection (2)(a), but
 - (b) before determining, and adding to the pool, the amount of any supplement claimed in respect of the period,and references to the amount in the pool are to be read accordingly.

Changes to legislation: Corporation Tax Act 2010, Chapter 5 is up to date with all changes known to be in force on or before 06 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

(5) In this section “the carried forward qualifying Schedule 19B amount”, in relation to a qualifying company, means the amount in its qualifying pool for the purposes of Part 4 of Schedule 19B to ICTA immediately before 1 January 2006.

[^{F20}(6) This section is subject to section 328A (adjustment of pool to remove pre-2013 losses after the initial 6 periods).]

Textual Amendments

- F18** Words in s. 326(3) substituted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 8\(2\)](#)
- F19** Words in s. 326(4) inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 8\(3\)](#)
- F20** S. 326(6) inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 8\(4\)](#)

[^{F21}327 Reductions in respect of relief for carried-forward ring fence losses

- (1) Reductions are to be made in accordance with this section in a post-commencement period if the relevant amount for the period (see subsection (4)) is not nil.
- (2) If the company has a non-qualifying pool, the amount in the non-qualifying pool is to be reduced (but not below nil) by setting against it a sum equal to the relevant amount for the post-commencement period.
- (3) If—
 - (a) any of that sum remains after being so set against the amount in the non-qualifying pool, or
 - (b) the company does not have a non-qualifying pool,
 the amount in the ring fence pool is to be reduced (but not below nil) by setting against it so much of that sum as so remains or (as the case may be) a sum equal to the relevant amount for the post-commencement period.
- (4) For the purposes of this section, the relevant amount for a post-commencement period is the sum of—
 - (a) the amount of any relief given in respect of ring fence losses in the post-commencement period under sections 45, 45B, 303B, 303C and 303D, and
 - (b) the amount of any relief prevented from being given in respect of ring fence losses in the post-commencement period by claims made under sections 45(4A) and 45B(5).]

Textual Amendments

- F21** S. 327 substituted (with effect in accordance with [Sch. 4 para. 190](#) of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 54](#)

328 Reductions in respect of unrelieved group ring fence profits

- (1) If there is an amount of unrelieved group ring fence profits for a post-commencement period, reductions are to be made in that period in accordance with this section.

Changes to legislation: Corporation Tax Act 2010, Chapter 5 is up to date with all changes known to be in force on or before 06 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

- (2) If, after making any reductions that fall to be made in accordance with section 327, the company does not have a non-qualifying pool, the remaining amount in the ring fence pool is to be reduced (but not below nil) by setting against it a sum equal to the aggregate of the amounts of unrelieved group ring fence profits for the period.
- (3) If, after making any reductions that fall to be made in accordance with section 327, the company has an amount in a non-qualifying pool, the amount in that pool is to be reduced (but not below nil) by setting against it a sum equal to the aggregate of the amounts of unrelieved group ring fence profits for the period.
- (4) If any of that sum remains after being so set against the amount in the non-qualifying pool, the remaining amount in the ring fence pool is to be reduced (but not below nil) by setting against it so much of that sum as so remains.
- (5) For the purposes of this section references to the remaining amount in the ring fence pool are references to so much (if any) of the amount in the ring fence pool as remains after making any reductions that fall to be made in accordance with section 327.

[^{F22}328A] Adjustment of pool to remove pre-2013 losses after the initial 6 periods

- (1) This section applies for the purposes of determining the amount of any post-commencement supplement on any claim in respect of any of the additional 4 periods.
- (2) The ring fence pool is to be taken to have been reduced at the time specified in subsection (6).
- (3) The amount of the reduction is the amount of the total pre-2013 pool reduced (but not below nil) by the amount of the total pre-2013 reduction.
- (4) “The amount of the total pre-2013 pool” means the sum of—
 - (a) the carried forward qualifying Schedule 19B amount (within the meaning of section 326(5)) which is in the pool at the time specified in subsection (6) (if any),
 - (b) the total amount of the company's ring fence losses added to the pool in post-commencement periods beginning before 5 December 2013,
 - (c) if the commencement period begins on or after 5 December 2013, so much of any ring fence loss added to the pool in that period as does not exceed the sum of—
 - (i) any pre-commencement expenditure added to the pool in a pre-commencement period ending before 5 December 2013, and
 - (ii) any pre-commencement supplement allowed in respect of such a pre-commencement period, and
 - (d) the total amount of the company's post-commencement supplement added to the pool in post-commencement periods beginning before that date.
- (5) “The amount of the total pre-2013 reduction” means the total amount of the reductions in the ring fence pool falling to be made under section 327 or 328 in post-commencement periods beginning before the time specified in subsection (6).
- (6) The time is—
 - (a) immediately after the last of the 6 initial periods, or
 - (b) if later, 5 December 2013.

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- (7) The amount (if any) in the non-qualifying pool under section 325(3) is reduced to nil (and so ceases to exist under section 325(4)).
- (8) Section 318A(6) (“the straddling 2013 period”) applies for the purposes of making a reduction under this section as it applies for the purposes of making a reduction under section 318A.
- (9) Accordingly—
- (a) any ring fence loss of the company added to the pool in the straddling 2013 period is to be apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as allocated to the pool for the period in question;
 - (b) any amount of the company's post-commencement supplement allocated to the pool for the straddling period is to be apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as allocated to the pool for the period in question;
 - (c) the total amount of reductions in the ring fence pool falling to be made in the straddling period is apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as a reduction falling to be made in the period in question.
- (10) If the basis of the apportionment in subsection (9)(a), (b) or (c) would work unjustly or unreasonably in the company's case, the company may elect for the apportionment to be made on another basis that is just and reasonable and specified in the election.
- (11) Once a reduction in the pool has been made under this section—
- (a) [F23no account is to be taken of a loss in determining under section 327(4) the relevant amount for a post-commencement period] if and to the extent that the loss is represented by the reduction made under this section, and
 - (b) if and to the extent that losses are represented by the reduction they are to be used under section 45 to reduce any profits of a post-commencement period before [F24any such profits are reduced by the use under section 45, 45B, 303B, 303C and 303D of ring fence losses that are not represented by the reduction].]

Textual Amendments

- F22** S. 328A inserted (with effect in accordance with Sch. 11 para. 14 of the amending Act) by [Finance Act 2015 \(c. 11\)](#), [Sch. 11 para. 10](#)
- F23** Words in s. 328A(11)(a) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 55\(a\)](#)
- F24** Words in s. 328A(11)(b) substituted (with effect in accordance with Sch. 4 para. 190 of the amending Act) by [Finance \(No. 2\) Act 2017 \(c. 32\)](#), [Sch. 4 para. 55\(b\)](#)

329 The reference amount for a post-commencement period

For the purposes of section 322 the reference amount for a post-commencement period is so much of the amount in the ring fence pool as remains after making any reductions required by section 327 or 328.

Changes to legislation:

Corporation Tax Act 2010, Chapter 5 is up to date with all changes known to be in force on or before 06 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.

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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))