

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 50 and Schedule 13: Supplementary Charge: Cluster Area Allowance

Background Note

33. In addition to ring fence corporation tax (RFCT), oil and gas companies are also subject to an additional tax, the Supplementary Charge (SC), on adjusted ring fence profits arising from oil-related activities. The rate of SC is currently 20%.
34. Field allowances provide relief by reducing the amount of adjusted profits on which SC is due for oil and gas projects which meet certain conditions. Existing field allowances, the onshore allowance, and the investment allowance are provided by Part 8, Chapters 6A, 7 and 8 CTA 2010, and apply to fields, projects and sites which satisfy the relevant criteria.
35. This section introduces a new allowance, designed to support the development of oil and gas projects and encourage exploration and appraisal within the surrounding area (or “cluster”).
36. This measure was announced at Budget 2014, and a consultation entitled *Maximising economic recovery: consultation on a cluster allowance* was launched on 24 July 2014 and closed on 30 September 2014. The government’s response to this consultation was published on 10 December 2014.