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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations provide for certain tariff receipts to be brought within the definition of relevant income for the purposes of the investment allowance (Chapter 6A of Part 8 of the Corporation Tax Act 2010) and the cluster area allowance (Chapter 9 of Part 8 of the Corporation Tax Act 2010).

Regulation 1 provides for citation, commencement, effect and interpretation. Authority for retrospective effect is given by section 332F(5) and section 356JH(5) of the Corporation Tax Act 2010.

Regulations 2 and 3 respectively specify the condition that must be satisfied for tariff receipts to constitute relevant income for the purposes of investment allowance and cluster area allowance.

Regulation 4 amends Part 8 of the Corporation Tax Act 2010, by inserting new subsection (9) into section 332F and section 356JH, with the effect that where a company has relevant income only partly attributable to a qualifying oil field or cluster area as the case may be, it must be apportioned on a just and reasonable basis.

Regulation 4 also inserts new subsections (10) and (11) into section 332F and section 356JH, which will remove from the scope of relevant income any tariff receipts which arise in connection with any arrangements which have as a main purpose, or one of the main purposes, enabling tariff receipts to qualify as relevant income where they would not otherwise do so.

A Tax Information Notice and Impact Note covering this instrument was published on 23 July 2018 and is available on the website <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>. It remains an accurate summary of the impacts that apply to this instrument.