



Finance Act 1973

1973 CHAPTER 51

PART III

INCOME TAX, CORPORATION TAX AND CAPITAL GAINS TAX

38 Territorial extension of charge to income tax, capital gains tax and corporation tax

- (1) The territorial sea of the United Kingdom shall for all purposes of income tax, capital gains tax and corporation tax (including the following provisions of this section) be deemed to be part of the United Kingdom.
- (2) In this section and in Schedule 15 to this Act—
 - (a) " exploration or exploitation activities " means activities carried on in connection with the exploration or exploitation of so much of the seabed and subsoil and their natural resources as is situated in the United Kingdom or a designated area ; and
 - (b) " exploration or exploitation rights " means rights to assets to be produced by exploration or exploitation activities or to interests in or to the benefit of such assets; and
 - (c) references to the disposal of exploration or exploitation rights include references to the disposal of shares deriving their value or the greater part of their value directly or indirectly from such rights, other than shares quoted on a recognised stock exchange (within the meaning of the Corporation Tax Acts); and
 - (d) "shares " includes stock and any security as defined in section 237(5) of the Taxes Act; and
 - (e) " designated area " means an area designated by Order in Council under section 1(7) of the Continental Shelf Act 1964.
- (3) Any profits or gains from exploration or exploitation activities carried on in a designated area or from exploration or exploitation rights shall be treated for the purposes of income tax or corporation tax as profits or gains from activities or property in the United Kingdom ; and any gains accruing on the disposal of such rights shall be

Status: This is the original version (as it was originally enacted).

treated for the purposes of Part III of the Finance Act 1965 as gains accruing on the disposal of assets situated in the United Kingdom.

- (4) Any profits or gains arising to any person not resident in the United Kingdom from exploration or exploitation activities carried on in the United Kingdom or in a designated area or from exploration or exploitation rights, and any gains accruing to such a person on the disposal of such rights shall, for the purposes of corporation tax or capital gains tax, be treated as profits or gains of a trade, or gains accruing on the disposal of assets used for the purposes of a trade, carried on by that person in the United Kingdom through a branch or agency.
- (5) In relation to exploration or exploitation rights disposed of by a company resident in a territory outside the United Kingdom to a company resident in the same territory or in the United Kingdom, sections 273 to 275 and 278 to 279 of the Taxes Act (transfer within group and company ceasing to be member of group) shall apply as if in section 272 of that Act (definition of " group " etc.) subsections (1)(a) and (2) were omitted.
- (6) Any emoluments from an office or employment in respect of duties performed in a designated area in connection with exploration or exploitation activities shall be treated for the purposes of income tax as emoluments in respect of duties performed in the United Kingdom.
- (7) This section shall have effect for the purposes of income tax and capital gains tax for the year 1973-74 and subsequent years of assessment and for the purposes of corporation tax for the financial year 1973 and subsequent years.
- (8) Schedule 15 to this Act shall have effect for supplementing this section.