



Oil Taxation Act 1975

1975 CHAPTER 22

PART II

PROVISIONS RELATING TO THE EXTRACTION OF PETROLEUM IN THE UNITED KINGDOM OR A DESIGNATED AREA

16 Oil extraction activities etc.: restriction on setting advance corporation tax against income therefrom

- (1) Section 85 of the Finance Act 1972 (payments of advance corporation tax to be set against company's liability to corporation tax on its income) shall, as regards any distribution made by a company after 19th November 1974, have effect subject to the following provisions of this section.
- (2) Where advance corporation tax is paid by a company ("the distributing company") in respect of any distribution made by it to a company associated with it and resident in the United Kingdom—
 - (a) that advance corporation tax shall not be set against the distributing company's liability to corporation tax on any income of the distributing company arising from oil extraction activities or from oil rights; and
 - (b) if the benefit of any amount of that advance corporation tax is surrendered under section 92 of the Finance Act 1972 to a subsidiary of the distributing company,

the corresponding amount of advance corporation tax which under that section the subsidiary is treated for the purposes of the said section 85 as having paid shall not be set against the subsidiary's liability to corporation tax on any income of the subsidiary arising from such activities or from oil rights.

- (3) Where in the case of any accounting period of a company there is an amount of advance corporation tax which because of subsection (2) above is not available to be set against the company's liability to corporation tax for that period on income of the company arising from oil extraction activities or from oil rights, subsection (2) of the said section 85 (limit on amount of advance corporation tax to be set against liability to corporation tax under subsection (1) of that section) shall as regards that period

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have effect as if the reference to the company's income charged to corporation tax for that period were a reference to the company's income so charged exclusive of income so arising.