



Corporation Tax Act 2010

2010 CHAPTER 4

[^{F1}PART 8ZA

OIL CONTRACTORS

CHAPTER 4

CALCULATION OF PROFITS

[^{F1}Loan relationships

Textual Amendments

F1 Pt. 8ZA inserted (retrospective to 1.4.2014) by [Finance Act 2014 \(c. 26\)](#), [Sch. 16 paras. 4, 6](#)

356NB Restriction on debits to be brought into account

- (1) Debits may not be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of the contractor's loan relationships in any way that results in a reduction of what would otherwise be the contractor's ring fence profits, but this is subject to subsections (2) to (4).
- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the contractor which has been—
 - (a) used to meet expenditure incurred by the contractor in carrying on oil contractor activities, or
 - (b) appropriated to meeting expenditure to be so incurred by the contractor.
- (3) Subsection (1) does not apply, in the case of debits falling to be brought into account as a result of section 329 of CTA 2009 (pre-loan relationship and abortive expenses) in respect of a loan relationship that has not been entered into, so far as the relationship

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would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).

- (4) Subsection (1) does not apply, in the case of debits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—
- (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange loss arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a debit—
- (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of a loan relationship of the contractor, but
 - (b) as a result of this section cannot be brought into account in a way that results in any reduction of what would otherwise be the contractor's ring fence profits,
- the debit is to be brought into account for those purposes as a non-trading debit despite anything in section 297 of that Act.
- (6) References in this section to a loan relationship, in relation to the borrowing of money, do not include a relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies.

356NC Restriction on credits to be brought into account

- (1) Credits in respect of exchange gains from the contractor's loan relationships may not be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in any way that results in an increase of what would otherwise be the contractor's ring fence profits, but this is subject to subsections (2) to (4).
- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the contractor which has been—
- (a) used to meet expenditure incurred by the contractor in carrying on oil contractor activities, or
 - (b) appropriated to meeting expenditure to be so incurred by the contractor.
- (3) Subsection (1) does not apply, in the case of credits falling to be brought into account as a result of section 329 of CTA 2009 (pre-loan relationship and abortive expenses) in respect of a loan relationship that has not been entered into, so far as the relationship would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).
- (4) Subsection (1) does not apply, in the case of credits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—
- (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange gain arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a credit—
- (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of a loan relationship of the contractor, but

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- (b) as a result of this section cannot be brought into account in a way that results in any increase of what would otherwise be the contractor's ring fence profits, the credit is to be brought into account for those purposes as a non-trading credit despite anything in section 297 of that Act.
- (6) Section 356NB(6) applies for the purposes of this section.]

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