



# Corporation Tax Act 2010

## 2010 CHAPTER 4

### PART 8

#### OIL ACTIVITIES

### [<sup>F1</sup>CHAPTER 9

#### SUPPLEMENTARY CHARGE: CLUSTER AREA ALLOWANCE

##### *Use of allowance attributable to unlicensed area*

#### [<sup>F1</sup>356JL] **Use of allowance attributable to unlicensed area**

- (1) Subsection (2) applies where—
  - (a) a company (“C”) disposes of the whole or part of its share of the equity in a licensed area or sub-area (“area A”),
  - (b) that area is wholly or partly included in a cluster area, and
  - (c) C has generated in the cluster area, on or before the day of the disposal, cluster area allowance which is wholly or partly attributable to an unlicensed area (“area U”) in the cluster area.
- (2) C may, by an election, assign to area A, or to any other relevant licensed area or sub-area in the cluster area, so much of the total of generated allowance for the cluster area as is attributable to area U.
- (3) The reference in subsection (2) to a “relevant” licensed area or sub-area is to a licensed area or sub-area in which C is a licensee.
- (4) In subsection (2), “the total of generated allowance for the cluster area” means the total of all amounts of cluster area allowance generated by C in the cluster area at any time on or before the day of the disposal (including any amounts treated under section 356JKB(1) as so generated).

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*Changes to legislation:* There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 356JL. (See end of Document for details)

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- (5) An election under this section must be made within the 60 days beginning with the date of the disposal and must specify—
- (a) the amount of cluster area allowance transferred,
  - (b) the unlicensed area to which it was attributable, and
  - (c) the licensed area or sub-area to which it is assigned.
- (6) An election under this section is irrevocable.
- (7) Where an amount of cluster area allowance is assigned to a licensed area or sub-area by an election under this section, that amount is taken, for the purposes of this Chapter—
- (a) to have been attributable to that licensed area or sub-area with effect from the beginning of the day on which the disposal is made, and
  - (b) never to have been attributable to area U.
- (8) In this section—
- “attributable” means attributable on a just and reasonable basis;
  - “unlicensed area” means an area which is not (and is not part of) a licensed area or sub-area.]

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**Textual Amendments**

**F1** Pt. 8 Ch. 9 inserted (26.3.2015) by [Finance Act 2015 \(c. 11\)](#), [Sch. 13 para. 2](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Corporation Tax Act 2010, Section 356JL.