

*These notes refer to the Finance Act 2015 (c.11)
which received Royal Assent on 26 March 2015*

FINANCE ACT 2015

EXPLANATORY NOTES

INTRODUCTION

Section 51 and Schedule 14: Amendments Relating to Investment Allowance and Cluster Area Allowance

Background Note

12. In addition to ring fence corporation tax (RFCT), oil and gas companies are also subject to an additional tax, the supplementary charge (SC), on adjusted ring fence profits arising from oil-related activities. The rate of SC is currently 20 per cent.
13. Field allowances provide relief by reducing the amount of adjusted profits on which SC is due for oil and gas projects which meet certain conditions. Existing field allowances and the onshore allowance are provided by Part 8, Chapters 7 and 8 CTA 2010, and apply to fields, projects and sites which satisfy the relevant criteria.
14. The new investment and cluster area allowances will help provide the right conditions for business investment to maximise the economic recovery of the UK's oil and gas resources' and simplify the existing regime of field allowances, and encourage exploration and appraisal within the surrounding area (or "cluster").