



Finance Act 2018

2018 CHAPTER 3

PART 1

DIRECT TAXES

Corporation tax

22 Oil activities: tariff receipts etc

- (1) Chapter 4 of Part 8 of CTA 2010 (oil activities: calculation of profits) is amended as follows.
- (2) In section 291 (corporation tax treatment of oil activities: tariff receipts etc), for subsection (9) substitute—
 - “(9) In this section, “tariff receipt” has the meaning given by section 291A.
 - (10) So far as it would not otherwise be the case, anything that constitutes a tariff receipt or a tax-exempt tariffing receipt for the purposes of the Oil Taxation Act 1983 is to be treated as a “tariff receipt” for the purposes of this section.”
- (3) After section 291 (but before the italic heading preceding section 292) insert—

“291A Meaning of “tariff receipt”

- (1) A “tariff receipt” of a participator in an oil field is the amount or value of any consideration received or receivable by the person in respect of—
 - (a) the use of a ring fence asset, or
 - (b) the provision of services or other business facilities (of whatever kind) in connection with the use, otherwise than by the participator, of a ring fence asset.
- (2) “Ring fence asset” means a qualifying asset which is, or has been, used wholly or partly for the purposes of a ring fence trade.

Status: This is the original version (as it was originally enacted).

- (3) “Qualifying asset” means an asset other than—
- (a) land or an interest in land, or
 - (b) a building or structure which—
 - (i) is situated on land, and
 - (ii) does not fall within any of sub-paragraphs (i) to (iv) of paragraph (c) of section 3(4) of OTA 1975 (allowable expenditure: exclusions).
- (4) But an amount does not constitute a tariff receipt if the amount—
- (a) is, in relation to the person giving it, expenditure in respect of interest or any other pecuniary obligation incurred in obtaining a loan or any other form of credit,
 - (b) is referable to the use of a qualifying asset for, or the provision of services or facilities in connection with, deballasting, or
 - (c) is referable to other use of an asset, except use wholly or partly for an oil purpose.
- (5) Any consideration which includes an amount within subsection (4)(a) to (c) is to be apportioned in a just and reasonable manner.
- (6) In subsection (4)(c), the reference to use of an asset for an oil purpose is a reference to—
- (a) use in connection with an oil field (including use giving rise to receipts which, for the purposes of this Part, are tariff receipts), and
 - (b) use for any other purpose (apart from a purpose falling within section 3(1)(b) of OTA 1975 (allowable expenditure: payment in connection with a relevant licence)) of a separate trade consisting of oil-related activities.

291B Tariff receipts: counteraction of avoidance arrangements

- (1) Subsection (2) applies if an arrangement has been entered into, the main purpose or one of the main purposes of which is to obtain a tax advantage by reference to section 291.
- (2) The relevant tax advantage is to be counteracted by the making of such adjustments as are just and reasonable.
- (3) Any adjustments required to be made under this section (whether or not by an officer of Revenue and Customs) may be made by way of—
- (a) an assessment,
 - (b) the modification of an assessment,
 - (c) amendment or disallowance of a claim,
- or otherwise.
- (4) In this section—
- “arrangement” includes any agreement, understanding, scheme, transaction or series of transactions (whether or not legally enforceable);
 - “tax advantage” has the meaning given by section 1139.”

- (4) In section 291—

- (a) in subsection (2), omit “or tax-exempt tariffing receipt”,
 - (b) in subsection (6), omit “or tax exempt tariffing receipts”, and
 - (c) in subsection (7), in both places, omit “or tax exempt tariffing receipt”.
- (5) The amendments made by subsections (1) to (4) have effect in relation to accounting periods beginning on or after 1 January 2018.
- (6) In the Investment Allowance and Cluster Area Allowance Regulations (Investment Expenditure) Regulations 2017 (S.I. 2017/292), in regulation 3 (operating expenditure)—
- (a) in paragraph (2)(e), omit “or tax-exempt tariffing receipts”,
 - (b) in paragraph (6), for the definition of “tariff receipts” substitute—
““tariff receipts” has the same meaning as it has for the purposes of section 291 of the Corporation Tax Act 2010 (corporation tax treatment of oil activities: tariff receipts etc); and”, and
 - (c) in that paragraph, omit the definition of “tax-exempt tariffing receipts” (and the “and” following it).
- (7) The amendments made by subsection (6) have effect in relation to any expenditure that is incurred on or after 1 January 2018.
- (8) The amendments made by subsection (6) are to be treated as having been made by the Treasury under the applicable powers to make regulations conferred by sections 332BA and 356JE of CTA 2010.