

Changes to legislation: Income and Corporation Taxes Act 1988, Paragraph 1 is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

SCHEDULES

[^{F1}SCHEDULE 19B

PETROLEUM EXTRACTION ACTIVITIES: EXPLORATION EXPENDITURE SUPPLEMENT

Textual Amendments

F1 [Sch. 19B](#) inserted (22.7.2004) by [Finance Act 2004 \(c. 12\)](#), s. 286(3), [Sch. 38](#)

PART 1

INTRODUCTORY

About this Schedule

- 1 (1) This Schedule entitles a company carrying on a ring fence trade, on making a claim in respect of an accounting period ending on or after 1st January 2004 [^{F2}but before 1st January 2006], to a supplement (initially of 6%, but variable by Treasury order) in respect of—
 - (a) qualifying capital expenditure incurred before the trade is set up and commenced,
 - (b) losses incurred in the trade, determined by reference to allowances under Part 6 of the Capital Allowances Act (expenditure on research and development) in respect of qualifying capital expenditure, and
 - (c) some or all of the supplement allowed in respect of earlier periods.
- (2) To qualify, the capital expenditure in question must be incurred on or after 1st January 2004 [^{F3}but before 1st January 2006] in respect of oil and gas exploration and appraisal (as well as satisfying other conditions).
- (3) Part 2 makes provision about the application and interpretation of this Schedule.
- (4) Part 3 makes provision about supplement in relation to expenditure incurred by the company—
 - (a) with a view to carrying on a ring fence trade, but
 - (b) in an accounting period before the company sets up and commences that trade.
- (5) Part 4 makes provision about supplement in relation to losses incurred in carrying on the ring fence trade.
- (6) There is a limit on the number of accounting periods (6) in respect of which a company may claim supplement.
- (7) In determining the amount of supplement allowable, reductions fall to be made in respect of—

Changes to legislation: Income and Corporation Taxes Act 1988, Paragraph 1 is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

- (a) disposal receipts by virtue of section 555 of the Capital Allowances Act (disposal of oil licence with exploitation value),
- (b) ring fence losses that could be set off under section 393A [^{F4}or 393B] against ring fence profits of earlier periods,
- (c) ring fence losses incurred in earlier periods that fall to be set off under section 393 against profits of succeeding periods,
- (d) unrelieved group ring fence profits.]

Textual Amendments

- F2** Words in [Sch. 19B para. 1\(1\)](#) inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [s. 154\(4\)\(a\)](#)
- F3** Words in [Sch. 19B para. 1\(2\)](#) inserted (19.7.2006) by [Finance Act 2006 \(c. 25\)](#), [s. 154\(4\)\(b\)](#)
- F4** Words in [Sch. 19B para. 1\(7\)\(b\)](#) inserted (with effect in accordance with 111(3) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [Sch. 35 para. 8\(2\)](#)

Changes to legislation:

Income and Corporation Taxes Act 1988, Paragraph 1 is up to date with all changes known to be in force on or before 05 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations.

[View outstanding changes](#)

Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

- Act Tax Acts: power to modify conferred by [2004 c. 25 s. 18](#)
- Act Taxes Acts modified by 1970 c. 9, Sch. A1 para. 10(7) (as inserted) by [2017 c. 32 s. 60\(3\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8(7) (as inserted) by [2017 c. 32 Sch. 14 para. 3\(15\)](#)
- Act Taxes Acts modified by 1970 c. 9, s. 8A(7) (as inserted) by [2017 c. 32 Sch. 14 para. 4\(12\)](#)
- Act applied (with modifications) by [S.I. 2010/875 reg. 16Sch. 2](#) (This amendment not applied to legislation.gov.uk. S.I. 2010/875 was revoked (27.8.2010) by SI 2010/1906, reg. 2 without having come into force)

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 109A(4B) inserted by [2005 c. 7 Sch. 4 para. 6\(3\)](#) (This amendment not applied to legislation.gov.uk. The amending provision (2005 c. 7, Sch. 4 para. 6) repealed retrospectively by 2005 c. 22, Sch. 6 para. 4(1)(6))
- Sch. 19AB para. 5(5)(a)(b) words substituted by [S.I. 2001/3629 art. 52\(2\)\(n\)](#) (This amendment not applied to legislation.gov.uk. The words to be substituted do not occur in Sch. 19AB para. 5)