



Finance Act 2006

2006 CHAPTER 25

PART 5

OIL

Ring fence trades

152 Increase in rate of supplementary charge

- (1) In section 501A of ICTA (supplementary charge in respect of ring fence trades), in subsection (1) (charge of 10 per cent on adjusted ring fence profits), for “10 per cent” substitute “20 per cent”.
- (2) The amendment made by subsection (1) has effect in relation to any accounting period beginning on or after 1st January 2006 (but see also subsection (3)).
- (3) For the purpose of calculating the amount of the supplementary charge on a company for an accounting period (a “straddling period”) beginning before 1st January 2006 and ending on or after that date—
 - (a) so much of the straddling period as falls before 1st January 2006, and so much of the straddling period as falls on or after that date, are treated as separate accounting periods, and
 - (b) the company's adjusted ring fence profits for the straddling period are apportioned to the two separate accounting periods in proportion to the number of days in those periods.
- (4) The amount of the supplementary charge on the company for the straddling period is the sum of the amounts of supplementary charge that would, in accordance with subsection (3), be chargeable on the company for those separate accounting periods.
- (5) In the case of a company's straddling period—
 - (a) the Instalment Payments Regulations apply as if the amendment made by subsection (1) had not been made, but

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2006, Section 152. (See end of Document for details)

- (b) those Regulations also apply separately, in accordance with the following subsection, in relation to the increase in the amount of any supplementary charge on the company for that period that arises as a result of that amendment.
- (6) In that separate application of those Regulations as mentioned in subsection (5)(b), those Regulations have effect as if, for the purposes of those Regulations,—
- (a) the straddling period were an accounting period beginning on 1st January 2006,
 - (b) supplementary charge were chargeable on the company for that period, and
 - (c) the amount of that charge were equal to the increase in the amount of the supplementary charge for the straddling period that arises as a result of the amendment made by subsection (1).
- (7) Any reference in the Instalment Payments Regulations to the total liability of a company is, accordingly, to be read—
- (a) in their application as a result of subsection (5)(a), as a reference to the amount that would be the company's total liability for the straddling period if the amendment made by subsection (1) had not been made, and
 - (b) in their application as a result of subsection (5)(b), as a reference to the amount of the supplementary charge on the company for the deemed accounting period under subsection (6)(a).
- (8) For the purposes of the Instalment Payments Regulations—
- (a) a company is to be regarded as a large company as respects the deemed accounting period under subsection (6)(a) if (and only if) it is a large company for those purposes as respects the straddling period, and
 - (b) any question whether a company is a large company as respects the straddling period is to be determined as it would have been determined if the amendment made by subsection (1) had not been made.
- (9) If the Instalment Payments Regulations—
- (a) apply in relation to a company's liability to supplementary charge for the deemed accounting period under subsection (6)(a), and
 - (b) would (but for this subsection) treat any instalment payment in respect of that liability as being due and payable on a date falling on or before 22nd March 2006,
- those Regulations have effect as if the payment were due and payable instead at the end of the period of 14 days beginning with that date.
- (10) In this section—
- “adjusted ring fence profits” has the meaning given by section 501A of ICTA,
 - “the Instalment Payments Regulations” means the Corporation Tax (Instalment Payments) Regulations 1998 (S.I. 1998/ 3175),
 - “supplementary charge” means any sum chargeable under section 501A(1) of ICTA as if it were an amount of corporation tax.

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