



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

CHAPTER 4

CALCULATION OF PROFITS

Loan relationships

286 Restriction on debits to be brought into account

- (1) Debts may not be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of a company's loan relationships in any way that results in a reduction of what would otherwise be the company's ring fence profits, but this is subject to subsections (2) to (4).
- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the company which has been—
 - (a) used to meet expenditure incurred by the company in carrying on oil extraction activities or in acquiring oil rights otherwise than from a connected person, or
 - (b) appropriated to meeting expenditure to be so incurred by the company.
- (3) Subsection (1) does not apply, in the case of debits falling to be brought into account as a result of section 329 of CTA 2009 in respect of a loan relationship that has not been entered into, so far as the relationship would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).
- (4) Subsection (1) does not apply, in the case of debits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Loan relationships. (See end of Document for details)

- (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange loss arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a debit—
- (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of a loan relationship of a company, but
 - (b) as a result of this section cannot be brought into account in a way that results in any reduction of what would otherwise be the company's ring fence profits,
- the debit is to be brought into account for those purposes as a non-trading debit despite anything in section 297 of that Act.
- (6) References in this section to a loan relationship, in relation to the borrowing of money, do not include a relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies.

287 Restriction on credits to be brought into account

- (1) Credits in respect of exchange gains from a company's loan relationships may not be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in any way that results in an increase of what would otherwise be the company's ring fence profits, but this is subject to subsections (2) to (4).
- (2) Subsection (1) does not apply so far as a loan relationship is in respect of money borrowed by the company which has been—
 - (a) used to meet expenditure incurred by the company in carrying on oil extraction activities or in acquiring oil rights otherwise than from a connected person, or
 - (b) appropriated to meeting expenditure to be so incurred by the company.
- (3) Subsection (1) does not apply, in the case of credits falling to be brought into account as a result of section 329 of CTA 2009 in respect of a loan relationship that has not been entered into, so far as the relationship would have been one entered into for the purpose of borrowing money to be used or appropriated as mentioned in subsection (2).
- (4) Subsection (1) does not apply, in the case of credits in respect of a loan relationship to which Chapter 2 of Part 6 of CTA 2009 (relevant non-lending relationships) applies, so far as—
 - (a) the payment of interest under the relationship is expenditure incurred as mentioned in subsection (2)(a), or
 - (b) the exchange gain arising from the relationship is in respect of a money debt on which the interest payable (if any) is, or would be, such expenditure.
- (5) If a credit—
 - (a) falls to be brought into account for the purposes of Part 5 of CTA 2009 in respect of any loan relationship of a company, but
 - (b) as a result of this section cannot be brought into account in a way that results in any increase of what would otherwise be the company's ring fence profits,

the credit is to be brought into account for those purposes as a non-trading credit despite anything in section 297 of that Act.
- (6) Section 286(6) applies for the purposes of this section.

Changes to legislation: There are currently no known outstanding effects for the Corporation Tax Act 2010, Cross Heading: Loan relationships. (See end of Document for details)

[^{F1}287A Restriction where debits or credits relate to decommissioning security settlement

- (1) No debits or credits are to be brought into account for the purposes of Part 5 of CTA 2009 (loan relationships) in respect of a company's loan relationship so far as the loan relationship is in respect of property comprised in a decommissioning security settlement.
- (2) For the purposes of this section a settlement is a “decommissioning security settlement” if the sole or main purpose of the settlement is to provide security for the performance of obligations under an abandonment programme.
- (3) In subsection (2)—
 - “abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including such a programme as revised), and
 - “security” has the same meaning as in section 38A of that Act.]

Textual Amendments

- F1** S. 287A inserted (with effect in accordance with s. 87(3) of the amending Act) by [Finance Act 2013](#) (c. 29), s. 87(1)

Changes to legislation:

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