



Corporation Tax Act 2010

2010 CHAPTER 4

PART 8

OIL ACTIVITIES

CHAPTER 4

CALCULATION OF PROFITS

Tariff receipts etc

291 Tariff receipts etc

- (1) Subsection (5) applies to a sum which meets conditions A, B and C.
- (2) Condition A is that the sum constitutes a tariff receipt ^{F1}... of a person who is a participator in an oil field.
- (3) Condition B is that the sum constitutes consideration in the nature of income rather than capital.
- (4) Condition C is that the sum would not, but for subsection (5), be treated as mentioned in that subsection.
- (5) The sum is to be treated as a receipt of the separate trade mentioned in section 279.
- (6) So far as they would not otherwise be so treated, the activities—
 - (a) of a participator in an oil field, or
 - (b) of a person connected with the participator,in making available an asset in a way which gives rise to tariff receipts ^{F2}... of the participator are to be treated for the purposes of this Part as oil extraction activities.

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(7) In determining for the purposes of subsection (2) whether a sum constitutes a tariff receipt ^{F3}... of a person who is a participator, no account may be taken of any sum which—

- (a) is in fact received or receivable by a person connected with the participator, and
- (b) constitutes a tariff receipt ^{F3}... of the participator.

But in relation to the person by whom such a sum is actually received, subsection (2) has effect as if the person were a participator and as if condition A were met.

(8) References in this section to a person connected with a participator include a person with whom the person is associated, within the meaning of paragraph 11 of Schedule 2 to the Oil Taxation Act 1983, but section 1176(1) of this Act (meaning of “connected” persons) does not apply for the purposes of this section.

[^{F4}(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.]

Textual Amendments

- F1** Words in s. 291(2) omitted (with effect in accordance with s. 22(5) of the amending Act) by virtue of Finance Act 2018 (c. 3), s. 22(4)(a)
- F2** Words in s. 291(6) omitted (with effect in accordance with s. 22(5) of the amending Act) by virtue of Finance Act 2018 (c. 3), s. 22(4)(b)
- F3** Words in s. 291(7) omitted (with effect in accordance with s. 22(5) of the amending Act) by virtue of Finance Act 2018 (c. 3), s. 22(4)(c)
- F4** S. 291(9)(10) substituted for s. 291(9) (with effect in accordance with s. 22(5) of the amending Act) by Finance Act 2018 (c. 3), s. 22(2)

[^{F5}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.

(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—

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- (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.

Textual Amendments

F5 Ss. 291A, 291B inserted (with effect in accordance with s. 22(5) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 22\(3\)](#)

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.]

Textual Amendments

F5 Ss. 291A, 291B inserted (with effect in accordance with s. 22(5) of the amending Act) by [Finance Act 2018 \(c. 3\), s. 22\(3\)](#)

Changes to legislation:

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