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*Changes to legislation: There are currently no known outstanding effects  
for the Finance Act 2015, SCHEDULE 11. (See end of Document for details)*

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## SCHEDULES

### SCHEDULE 11

Section 47

#### EXTENSION OF RING FENCE EXPENDITURE SUPPLEMENT

##### *Amendments of Chapter 5 of Part 8 of CTA 2010*

- 1 Chapter 5 of Part 8 of CTA 2010 (ring fence expenditure supplement) is amended as follows.
- 2 In section 307 (overview of Chapter), in subsection (5) for “6” substitute “ 10 ”.
- 3 In section 309 (accounting periods), in subsection (4), for the words from “Chapter” to the end substitute “Chapter—
  - (a) in relation to straddling periods (see sections 311, 324 and 327(4) to (7)), and
  - (b) in relation to accounting periods which begin before, but end on or after, 5 December 2013 (see sections 311(1C), 318A and 328A).”
- 4 (1) Section 311 (limit on number of accounting periods for which supplement may be claimed) is amended as follows.
  - (2) In subsection (1) for “6” substitute “ 10 ”.
  - (3) After subsection (1) insert—
    - “(1A) In this Chapter—
      - “the initial 6 periods” means the first 6 accounting periods (in chronological order) for which the company claims supplement under this Chapter;
      - “the additional 4 periods” means the 4 accounting periods after the initial 6 periods for which the company claims supplement under this Chapter.
    - (1B) None of the additional 4 periods may be accounting periods beginning before 5 December 2013.
    - (1C) But, where—
      - (a) a company has an accounting period which begins before 5 December 2013 and ends on or after that date, and
      - (b) that accounting period falls after the initial 6 accounting periods, so much of that accounting period as falls before 5 December 2013 and so much of it as falls on or after that date are treated as separate accounting periods for the purposes of this Chapter.”
  - (4) In the heading of the section after “Limit on number” insert “ etc ”.
- 5 In section 316 (the mixed pool of qualifying pre-commencement expenditure and supplement previously allowed), after subsection (5) insert—

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- “(6) This section is subject to section 318A (adjustment of pool to remove pre-2013 expenditure after the initial 6 periods).”
- 6 In section 317 (reduction in respect of disposal receipts under CAA 2001), at the end insert—
- “(4) This section is subject to section 318A(5) (exclusion of deductible amounts in respect of pre-2013 expenditure when determining pre-commencement supplement for additional 4 periods).”
- 7 After section 318 insert—

**“318A Adjustment of pool to remove pre-2013 expenditure after the initial 6 periods**

- (1) This section applies for the purposes of determining the amount of any pre-commencement supplement on any claim made by a company for supplement under this Chapter in respect of an accounting period which is one of the additional 4 periods.
- (2) The pool which (under section 316) the company is to be taken to have had, at all times in the pre-commencement periods of the company, is to be taken to have been reduced at the time specified in subsection (4).
- (3) The amount of the reduction is the sum of—
  - (a) the relevant amount (if any) which the company carries forward under Schedule 19B to ICTA,
  - (b) the total amount of qualifying pre-commencement expenditure allocated to the pool for pre-commencement periods beginning before 5 December 2013, and
  - (c) the total amount of the company's pre-commencement supplement allocated to the pool for pre-commencement periods beginning before that date.
- (4) The time is—
  - (a) immediately after the last of the initial 6 periods, or
  - (b) if later, 5 December 2013.
- (5) Subsection (3) of section 317 (reduction in respect of disposal receipts under CAA 2001) has effect as if the reference in paragraph (a) of that subsection to “all such events” did not include events occurring in relation to an asset representing expenditure incurred before 5 December 2013.
- (6) Where a company has a pre-commencement period (“the straddling 2013 period”) which begins before 5 December 2013 and ends on or after that date, for the purposes of making a reduction under this section—
  - (a) so much of the straddling 2013 period as falls before 5 December 2013 (“the pre-2013 period”), and
  - (b) so much of that period as falls on or after that date (“the post-2013 period”),
are to be treated as separate pre-commencement periods.

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- (7) Accordingly, any amount of qualifying pre-commencement expenditure, and any amount of the company's pre-commencement supplement, allocated to the pool for the straddling 2013 period is to be—
- (a) apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each, and
  - (b) treated as allocated to the pool in question for the period in question (rather than the straddling 2013 period).
- (8) If the basis of the apportionment in subsection (7) would work unjustly or unreasonably in the company's case, the company may elect for the apportionment to be made on another basis that is just and reasonable and specified in the election.”
- 8 (1) Section 326 (the ring fence pool) is amended as follows.
- (2) In subsection (3), for “the following provisions of this Chapter” substitute “ sections 327 and 328 ”.
- (3) In subsection (4), after “made”, in the first place, insert “ under section 327 or 328 ”.
- (4) After subsection (5) insert—
- “(6) This section is subject to section 328A (adjustment of pool to remove pre-2013 losses after the initial 6 periods).”
- 9 In section 327 (reductions in respect of utilised ring fence losses), after subsection (3) insert—
- “(3A) Subsection (3) is subject to section 328A(11).”
- 10 After section 328 insert—

**“328A Adjustment of pool to remove pre-2013 losses after the initial 6 periods**

- (1) This section applies for the purposes of determining the amount of any post-commencement supplement on any claim in respect of any of the additional 4 periods.
- (2) The ring fence pool is to be taken to have been reduced at the time specified in subsection (6).
- (3) The amount of the reduction is the amount of the total pre-2013 pool reduced (but not below nil) by the amount of the total pre-2013 reduction.
- (4) “The amount of the total pre-2013 pool” means the sum of—
  - (a) the carried forward qualifying Schedule 19B amount (within the meaning of section 326(5)) which is in the pool at the time specified in subsection (6) (if any),
  - (b) the total amount of the company's ring fence losses added to the pool in post-commencement periods beginning before 5 December 2013,
  - (c) if the commencement period begins on or after 5 December 2013, so much of any ring fence loss added to the pool in that period as does not exceed the sum of—
    - (i) any pre-commencement expenditure added to the pool in a pre-commencement period ending before 5 December 2013, and

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- (ii) any pre-commencement supplement allowed in respect of such a pre-commencement period, and
  - (d) the total amount of the company's post-commencement supplement added to the pool in post-commencement periods beginning before that date.
- (5) “The amount of the total pre-2013 reduction” means the total amount of the reductions in the ring fence pool falling to be made under section 327 or 328 in post-commencement periods beginning before the time specified in subsection (6).
- (6) The time is—
- (a) immediately after the last of the 6 initial periods, or
  - (b) if later, 5 December 2013.
- (7) The amount (if any) in the non-qualifying pool under section 325(3) is reduced to nil (and so ceases to exist under section 325(4)).
- (8) Section 318A(6) (“the straddling 2013 period”) applies for the purposes of making a reduction under this section as it applies for the purposes of making a reduction under section 318A.
- (9) Accordingly—
- (a) any ring fence loss of the company added to the pool in the straddling 2013 period is to be apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as allocated to the pool for the period in question;
  - (b) any amount of the company's post-commencement supplement allocated to the pool for the straddling period is to be apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as allocated to the pool for the period in question;
  - (c) the total amount of reductions in the ring fence pool falling to be made in the straddling period is apportioned between the pre-2013 period and the post-2013 period in proportion to the number of days in each and treated as a reduction falling to be made in the period in question.
- (10) If the basis of the apportionment in subsection (9)(a), (b) or (c) would work unjustly or unreasonably in the company's case, the company may elect for the apportionment to be made on another basis that is just and reasonable and specified in the election.
- (11) Once a reduction in the pool has been made under this section—
- (a) nothing in section 327 applies to require a reduction in the pool in respect of the use under section 45 of a loss if and to the extent that the loss is represented by the reduction made under this section, and
  - (b) if and to the extent that losses are represented by the reduction they are to be used under section 45 to reduce any profits of a post-commencement period before ring fence losses of the company the use of which would trigger a reduction of the ring fence pool under section 327.”

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*Abolition of extended ring fence expenditure supplement for onshore activities*

- 11 In section 270 of CTA 2010 (overview of Part 8) omit subsection (5A).  
12 (1) Schedule 4 to CTA 2010 (index of defined expressions) is amended as follows.  
(2) The following definitions are inserted at the appropriate places—

“the initial 6 periods (in Chapter 5 of Part 8)	section 311(1A)”;
“the additional 4 periods (in Chapter 5 of Part 8)	section 311(1A)”.
(3) The following definitions are omitted—	
“the commencement period (in Chapter 5A of Part 8)	section 329D(1)”;
“offshore oil-related activities (in Chapter 5A of Part 8)	section 329C(3)”;
“onshore oil-related activities (in Chapter 5A of Part 8)	section 329C(2)”;
“onshore ring fence loss (in Chapter 5A of Part 8)	section 329P”;
“the onshore ring fence pool (in Chapter 5A of Part 8)	section 329Q”;
“the period of the loss (in Chapter 5A of Part 8)	section 329P”;
“post-commencement additional supplement (in Chapter 5A of Part 8)	section 329N(1)”;
“the post-commencement additional supplement provisions (in Chapter 5A of Part 8)	section 329N(4)”;
“post-commencement period (in Chapter 5A of Part 8)	section 329D(1)”;
“pre-commencement additional supplement (in Chapter 5A of Part 8)	section 329I(1)”;
“pre-commencement period (in Chapter 5A of Part 8)	section 329D(1)”;
“qualifying company (in Chapter 5A of Part 8)	section 329B”;
“qualifying pre-commencement onshore expenditure (in Chapter 5A of Part 8)	section 329G”;
“the relevant percentage (in Chapter 5A of Part 8)	section 329E”;



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