HMRC - OT21002 - Oil Extraction As A Separate Trade

CTA10\S279

CTA10\S279 & ITTOIA05\S16 provide that certain extraction activities conducted as part of a trade are to be treated for all purposes of income and corporation tax as “a separate trade, distinct from all other activities carried on … as part of the trade”. The activities are

any oil extraction activities or

the acquisition, enjoyment or exploitation of oil rights or

activities of both descriptions.

Where one composite trade is formed partly of ring fence elements and partly of non-ring fence elements the ring fence and non-ring fence profits must be calculated separately.

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