HMRC - OT21020 - Separate Notional Ring Fence And Non-Ring Fence Trades

The profit or loss from the ring fence activities is calculated on the basis that the notional ring fence trade imposed by legislation constitutes an actual trade. It follows that all income arising from the defined activities is brought in and appropriate allowable expenditure incurred wholly and exclusively for the purposes of the ring fence trade is offset.

The balances of any income and expenditure are ascribed to the non-ring fence trade.

Where computations are derived from composite accounts and supporting schedules covering both the ring fence and non-ring fence trades care should be taken to ensure that appropriate attributions have been made. In particular, the costs referable to the ring fence activity must be ring fence costs.

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