HMRC - OT21070 - Expenses Of Management

CTA09\S1219, CTA10\S303

No deduction for expenses of management is allowable against ring fence profits for expenses referable to accounting periods ending on or after 12 March 2008 (originally ICTA88\S492(3A) now CTA10\S303). Oil companies with investment business (as defined in CTA09\S1219) may continue to deduct expenses of management from non-ring fence profits.

An expense of management is normally referable to the accounting period in which it is debited in a company’s accounts (see CTM08560 for a detailed definition).

For expenses of management referable to periods beginning on or after 1 April 2004

The legislation at CTA09\S1219 was previously at ICTA88\S75 and this legislation was amended to allow relief for management expenses to companies with investment business. A deduction for management expenses is allowed against total profits of a company, so for expenses referable to the period between 1 April 2004 and 11 March 2008, oil companies with investment business could set management expenses against their ring fence profits (see CTM08005 for general rules on relief for expenses of management).

For expenses of management referable to periods prior to 31 March 2004

For earlier periods, relief under ICTA88\S75 was limited to companies that qualified as ‘investment companies’ (see CTM08020 - a company whose business was all or mainly investment business). As oil companies did not qualify as ‘investment companies’, they could not deduct management expenses in computing ring fence profits prior to 31 March 2004.

Previous page

Next page