HMRC - OT21200 - Introduction

With effect from 17 April 2002, Finance Act 2002 introduced a supplementary charge on companies producing oil or gas in the UK or on the UK Continental Shelf. This is levied on their ring fence profits with no deduction for financing costs. The rate set in FA 2002 was 10%, it was then increased to 20% in FA 2006 and to 32% in FA 2011.

FA 2002 also introduced special 100% first-year capital allowances from 17 April 2002 in the ring fence in plant and machinery (24% for long-life assets) and mineral exploration and access.

FA2012 introduced a restriction of the relief available in respect of decommissioning expenditure. This guidance is arranged as follows

supplementary charge - general provisions: FA02\S91, FA06\S152 and ICTA88\S501A (OT21202 onwards)

restriction of tax relief in respect of decommissioning expenditure - see OT21228 onwards)

management provisions to bring the supplementary charge into the general machinery for corporation tax: FA02\S92 and ICTA88\S501B (OT21215)

transitional provisions for the introduction of the supplementary charge and its increase to 20%: FA02\S93 and FA06\S152.

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