HMRC - OT21228 - The Supplementary Charge - Restriction Of Relief In Respect Of Decommissioning Expenditure: Overview

The Government announced that it would restrict tax relief for decommissioning expenditure to 20% when it raised the rate of supplementary charge from 20% to 32% in 2011.

This restriction is achieved by increasing the adjusted ring fence profits of a company for an accounting period under CTA2010\S330A. The restriction applies only for accounting periods where the rate of supplementary charge exceeds 20%.

The restriction applies where any decommissioning expenditure is taken into account in calculating the profit or loss of a ring fence trade for an accounting period, or any loss relief surrendered to the company for the period, and if that expenditure were not so taken into account the adjusted ring fence profits would exceed nil.

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