HMRC - OT26190 - Calculating The Supplement Due

The reference amount (see OT26175) on which to calculate the RFES claim for a post-commencement period is computed as follows:

Add any ring fence losses for the period to the amount in the ring fence pool at the end of the previous accounting period. This will include any RFES claimed for that and previous accounting periods as well as the Schedule 19B carried forward amount and RFES claimed for previous periods. (CTA2010\S326(4)).

Make any reductions to the pools that may be necessary on account of utilised ring fence losses or unrelieved group ring fence profits (see OT26180 and OT26185). The balances in the ring fence pool and the non-qualifying pool of a post-commencement period may be reduced if loss relief is given under CTA2010\S45, or if there are unrelieved group ring fence profits. (The order in which utilised losses and unrelieved profits are set against amounts in the two pools is explained at OT26180).

The supplement for the period is then calculated the relevant percentage of the balance in the ring fence pool (see OT26110). At introduction the rate of RFES (the ‘relevant percentage’) was 6 percent per annum. The rate increased to 10 percent for accounting periods beginning on or after 1 January 2012. The rate is reduced if the period is less than 12 months.

The supplement is then added to the ring fence pool and this balance is then carried forward to the next period.

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