HMRC - OT26235 - Capital Allowances: Extended Ring Fence Expenditure Supplement For Onshore Activities - The Mixed Pool Of Qualifying Pre-Commencement Onshore Expenditure And Supplement Previously Allowed

CTA2010\S329J

The mixed pool for pre-commencement ERFES purposes consists of:

qualifying pre-commencement onshore expenditure,

pre-commencement supplement under Chapter 5 as relates to onshore expenditure (but see ‘straddling periods’ below), and

pre-commencement additional supplement under this Chapter.

The amount of qualifying onshore expenditure is worked out for each pre-commencement accounting period

by adding together the qualifying pre-commencement onshore expenditure incurred in the period, referred to as amount E in the legislation, and

reducing it where appropriate for

CAA01 disposal proceeds allocated to the period, referred to as D in the legislation, see OT26240 and

the unrelieved group ring fence profits of the period (see OT26220).

Amount of claim

The amount of ERFES for the accounting period is worked out by applying the ERFES rate to the sum of the amount in the mixed pool at the end of the previous accounting period plus the amount of qualifying onshore expenditure for the accounting period in question. This amount of ERFES is then added to the mixed pool as at the end of that accounting period.

The reference amount

The reference amount for a pre-commencement period (CTA2010\S329M) is the amount in the mixed pool remaining after the addition of qualifying pre-commencement onshore expenditure, but before the addition of supplement claimed under chapter 5A.

Amount in mixed pool at the end of a pre-commencement period

The amount in the mixed pool at the end of an accounting period is the sum of:

the company’s qualifying pre-commencement onshore expenditure, allocated to the pool for each pre-commencement period in accordance with S329J(3),

the company’s pre-commencement supplement under Chapter 5, allocated to the pool in accordance with S329J (4) to (7), and

the company’s pre-commencement additional supplement under Chapter 5A, allocated to the pool in accordance with S329J(8).

Straddling Periods

In the case of a straddling period the company’s pre-commencement supplement under Chapter 5 is apportioned, normally on a time basis unless this is felt by the company to work unjustly or unreasonably, with the appropriate proportion of the supplement as is apportioned to the later period added to the pool under S329J(4).

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