



Company Tax Return form - Supplementary Pages

Supplementary charge in respect of ring fence trades

CT600I (2009) Version 2

for accounting periods ending on or after 1 July 1999

Company information

Company name

Tax reference as shown on the CT603

Period covered by these Supplementary Pages (cannot exceed 12 months)

from (dd/mm/yyyy)

to (dd/mm/yyyy)

You need to complete these Supplementary Pages if

for any period beginning (or deemed to have begun) on or after 17 April 2002 the company carried on a ring fence trade. You must complete these Supplementary Pages and form CT600. There are notes overleaf to help you to complete this calculation.

Important points

- These Supplementary Pages, when completed, form part of the company's return.
- These Pages set out the information we need and provide a standard format. Please read the Notes on page 2.
- Complete the boxes with whole figures only, except where pence or decimals are indicated.
- These Pages are covered by the Declaration you sign on the back page of form CT600.
- The warning shown on form CT600 about prosecution, and the advice about late and incorrect returns, and late payment of tax also apply to these Pages.

Calculation of supplementary charge

Ring fence profits or losses of ring fence trade

- S502 ICTA 1988. If entry in box I 1 is - profits put an 'X' in box A
- losses put an 'X' in box B

A I 1 £ B

Disallowed financing costs - S501A (3-6) ICTA 1988

- relating to the company itself
- S501A(3)(a) ICTA 1988
- relating to loss relief surrendered to the company
- S501A(3)(b) ICTA 1988

I 2 £ I 3 £

Total

box I 2 plus box I 3

I 4 £

Profits as calculated under S501A (2) ICTA 1988

box I 1 adjusted by box I 4

I 5 £

Minus losses brought forward or from a later accounting period.

Do not enter a figure greater than that in box I5.

I 6 £

Minus field allowance

I 12 £

Net profits subject to ring fence charge under S501A ICTA 1988

box I5 minus boxes I 6 and I 12

I 7 £

Tax at supplementary charge rate. Copy the figure to box 82 on form CT600

I 8 £ p

Losses (where appropriate)

Losses arising in period calculated under S501A ICTA 1988

I 9 £

Net ring fence tax

For entries you need to make in both boxes I 10 and I 11 see the note on page 2.

Ring fence corporation tax enter figure net of any deductions in terms of tax.

Copy the figure to box 161 on form CT600

I 10 £ p

Tax under S501A ICTA 1988 enter figure net of any deductions in terms of tax.

Copy the figure to box 166 on form CT600

I 11 £ p

I1 Supplementary charge in respect of ring fence profits

A ring fence trade is defined at S502 and S492 ICTA 1988 and covers oil extraction activities and, or, the acquisition, enjoyment or exploitation of oil rights in the UK or a designated area. In practice this means all such onshore and offshore activities, to the outer edge of the UK Continental Shelf.

The supplementary charge is applied to all adjusted ring fence profits arising on or after 17 April 2002.

You need to enter the figure of ring fence profit or loss of the accounting period, after any group relief surrendered to the company and set against ring fence profits of the period, but before losses brought forward or carried back from other periods.

I2, I3 and I4 Disallowing financing costs

To arrive at the adjusted ring fence profits the financing costs within the ring fence profits or losses are left out of the account.

Financing costs are the costs of debt finance, and include:

- costs giving rise to debits in respect of debtor relationships of the company under Chapter 2 Part 4 FA 1996
- exchange gains or losses within the meaning of Chapter 2 Part 4 FA 1996 in relation to debt finance
- credits or debits from derivative contracts in relation to debt finance under Schedule 26 FA 2002
- financing costs implicit in a payment under a finance lease
- any other costs arising from financing transactions.

The financing costs you need to enter are those for this accounting period.

I5 What figure do I enter in box I 5?

Adjust the profits or losses shown in box I1 for the disallowed financing costs totaled at box I4, adding back the figure in I4 to profits or reducing losses. If the result is a loss enter '0' in box I5.

I6 Losses brought forward or from later accounting period

If the company has set losses brought forward from earlier periods or back from later periods against its profits of the period for corporation tax, those losses need to be reduced for calculating the supplementary charge to remove financing costs.

Losses brought forward will be the accumulated losses as calculated using the assumption contained in S501A (3) ICTA 1988 removing financing costs from ring fence profits arising on or after 17 April 2002. Losses of a later period under S393A ICTA 1988 will be as calculated using the assumption in S501A(3) ICTA 1988. Total entered cannot exceed the amount you entered in box I5.

I12 Field allowance

Enter the amount of the field allowance. Do not enter an amount greater than that needed to reduce I7 to nil.

I8 Tax at supplementary charge rate

From 17 April 2002 to 31 December 2005 the supplementary charge on adjusted ring fence profits is 10%.

From 1 January 2006 the supplementary charge is 20% (S152 FA 2006).

For accounting periods that begin before 1 January 2006 and end on or after that date you need to treat the period ending before 1 January 2006 and that ending after that date as if they were separate accounting periods. Apportion the adjusted ring fence profits in proportion to the number of days in those periods to charge at the appropriate rate.

I9 What figure do I enter in box I 9?

This should be the ring fence trade loss of the company in the period as calculated using the assumption in S501A(3) ICTA 1988.

I10 and I11 Net ring fence tax

For accounting periods ending on or after 1 July 2005 liability to corporation tax and supplementary charge in respect of ring fence profits of a large company is payable in a maximum of three instalments. Tax on other profits remains payable in a maximum of four instalments.

There are transitional rules for calculating ring fence instalment payments for accounting periods ending on or after 1 July 2005 but before 1 July 2006. See S.I. 2005 No. 889, *The Corporation Tax (Instalment Payments) (Amendment) Regulations 2005*, for both the transitional rules and those for accounting periods ending on or after 1 July 2006.

The supplementary charge on adjusted ring fence profits was increased from 10% to 20% from 1 January 2006 (S152 FA 2006). There are transitional calculation and instalment payment rules for an accounting period beginning before 1 January 2006 but ending on or after that date. For instalment purposes the supplementary charge arising in this straddling period from the increase in rate is treated as if it arose in a separate accounting period starting on 1 January 2006.

Enter in the relevant box the figure you have calculated for ring fence corporation tax and the supplementary charge under S501A ICTA 1988 after any further deduction in terms of tax. This further deduction can only refer to deductions shown on form CT600 after box 83 on that form. For instance, you may wish to reduce the figure of either the ring fence corporation tax or the supplementary charge by the income tax deducted from gross income included in other profits.

Copy the figures you enter in boxes I10 and I11 to boxes 161 and 166 on form CT600.

Further information

Further information is in the Oil Taxation Manual, a copy of which is available on our website at www.hmrc.gov.uk

What to do when you have completed these Supplementary Pages

Follow the advice shown under 'What to do when you have completed the return' on page 23 of the *Guide*.