

**Finance Act, 2008**

**Section 112 - Ring fence trade: no deduction for expenses of investment management**

1) In section 492 of ICTA (treatment of oil extraction activities etc for tax purposes), after subsection (3) insert- "(3A) No deduction under section 75 (expenses of management of investment business) shall be allowed from a company's ring fence profits." (2) The amendment made by subsection (1) has effect in relation to expenses referable to accounting periods ending on or after 12 March 2008 (but see also subsections (3) and (4)). (3) In the case of expenses referable to a straddling period, a deduction of the relevant fraction of those expenses shall be allowed under section 75 of ICTA from the company's ring fence profits. (4) But the deduction allowed under subsection (3) may not exceed the total amount of the expenses referable to the straddling period that have actually been paid- (a) during the first portion of the straddling period, or (b) before the start of the straddling period. (5) In this section- "first portion", in relation to a straddling period, means the portion which- (a) begins with the first day of the straddling period, and (b) ends with 11 March 2 008, "relevant fraction" means- where- P is the number of days in the first portion of the straddling period, and T is the total number of days in the straddling period, and "straddling period" means an accounting period beginning before 12 March 2008 and ending on or after that date. P T PART 7: ADMINISTRATION: CHAPTER 1: INFORMATION ETC.: