

Government revenues from UK oil and gas production

£ million

Financial Year	Licence		Petroleum revenue tax	Supplementary petroleum duty	Corporation tax (CT)			Supplementary charge	Total revenues (excluding gas levy)	Gas levy	GDP deflator 2010/11=100
	Fees	Royalty			Total before ACT set off	ACT set-off	Mainstream CT				
1964/65	2								2		6.5
1965/66	1								1		6.8
1966/67											7.1
1967/68											7.3
1968/69		1							1		7.6
1969/70		2							2		8.1
1970/71	1	3			2		2		6		8.7
1971/72	39	6			4		4		49		9.5
1972/73	4	11			4		4		19		10.3
1973/74	3	12			3		3		18		11.1
1974/75	4	15			5		5		24		13.2
1975/76	2	20			5		5		27		16.6
1976/77	5	71			10		10		86		18.8
1977/78	7	228			10		10		245		21.4
1978/79	9	289	183		93	40	53		574		23.8
1979/80	10	628	1,435		250	78	172		2,323		27.8
1980/81	220	992	2,410		341	97	244		3,963		32.9
1981/82	14	1,396	2,390	2,025	681	270	411		6,506	383	36.1
1982/83	46	1,632	3,274	2,395	521	202	319		7,868	471	38.6
1983/84	19	1,904	6,017		877	430	447		8,817	522	40.4
1984/85	136	2,426	7,177		2,432	1,244	1,188		12,171	500	42.5
1985/86	23	2,057	6,375		2,916	1,085	1,831		11,371	525	44.9
1986/87	21	919	1,188		2,676	1,130	1,546		4,804	515	46.3
1987/88	27	1,024	2,296		1,298	681	617		4,645	502	49.0
1988/89	25	602	1,371		1,195	685	510		3,193	407	52.3
1989/90	33	575	1,050		743	495	248		2,401	335	56.0
1990/91	31	605	860		847	363	484		2,343	291	60.5
1991/92	37	557	-216		638	370	268		1,016	282	64.0
1992/93	34	554	69		682	480	202		1,339	287	66.0
1993/94	43	606	359		258	219	39		1,266	240	67.8
1994/95	41	550	712		380	299	81		1,683	175	68.9
1995/96	49	555	968		766	674	92		2,338	161	70.9
1996/97	48	684	1,729		890	460	430		3,351	198	73.5
1997/98	54	535	963		1,779	821	958		3,331	200	75.5
1998/99	62	343	504		1,605	655	950		2,514		76.6
1999/2000	53	389	853		1,268	120	1,148		2,563		78.1
2000/01	55	552	1,521		2,329		2,329		4,457		78.4
2001/02	59	548	1,307		3,515		3,515		5,429		79.9
2002/03	63	434	958		3,392		3,392	270	5,117		82.0
2003/04	58	-13	1,179		2,317		2,317	740	4,281		83.7
2004/05	57		1,284		2,841		2,841	990	5,172		86.1
2005/06	57		2,016		5,427		5,427	1,880	9,380		87.9
2006/07	57		2,155		3,959		3,959	2,750	8,921		90.8
2007/08	55		1,680		3,378		3,378	2,350	7,463		92.9
2008/09	63		2,567		6,108		6,108	4,250	12,988		95.6
2009/10	68		923		3,288		3,288	2,280	6,559		97.4
2010/11	69		1,458		4,328		4,328	3,000	8,855		100.0
2011/12	66		1,760		n/a		n/a	n/a	11,206		102.6

Notes

The above table summarises the tax revenues from oil and gas production in the UK and its continental shelf since 1964/65. The figures for 2008/09–2010/11 are provisional estimates; the forecasts for 2011/12 are consistent with the Office for Budget Responsibility's 29 November 2011 Economic and Fiscal Outlook projections - they assume an average oil price of \$111 per barrel in 2011 and \$105 per barrel in 2012.

Licence fees include receipts from fees for onshore and offshore petroleum exploration and production licences, including tender receipts from offshore licensing of £37 million from the 4th round in 1971/72, £33 million the 8th round in 1982/83 and £121 million from the 9th round in 1984/85.

North Sea royalty, previously payable at a rate of 12½ per cent on gross revenues from fields given development approval prior to April 1982, was abolished in its entirety with effect from 1 January 2003.

Supplementary Petroleum Duty (SPD) was introduced with effect from 1 January 1981 by the 1981 Finance Act and lapsed after 31 December 1982; it was payable at the rate of 20% on the gross value of oil and gas produced under UK licences less an allowance per field of 1 million tonnes per year; it did not apply to PRT-exempt sales of gas to the British Gas Corporation.

Advance Petroleum Tax (APRT) is included with petroleum revenue tax (PRT). The net PRT repayment in 1991/92 and low net receipts in 1992/93 resulted from high tax-relievable expenditure claimed on some fields.

Figures for corporation tax are provisional. They are subject to change in the future when payments originally made in respect of a group of companies are subsequently re-allocated to individual companies within the group. The corporation tax estimates include mainstream tax and the Advance Corporation Tax (ACT) set-off against the tax charged. The ACT set-off is estimated because the dividends attributable to UK oil and gas cannot be separately identified from other dividends. The level of corporation tax receipts in 1993/94 reflected low liabilities in 1992 (paid in the following financial year) and repayment resulting from lower settlements for earlier years.

The supplementary charge in respect of ring fence trades was introduced from 17 April 2002; the rate was increased from 10 to 20 per cent with effect from 1 January 2006 and to 32 per cent with effect from 24 March 2011.

The gas levy was introduced in 1981 to capture the rent accruing to the nationalised British Gas Corporation from purchasing PRT-exempt gas under long term contracts signed before the general rise in gas prices. It was abolished with effect from 1 April 1998. The yield from gas levy is not included in total Government revenues because it is categorised as a tax on expenditure rather than on income from oil and gas production.

The tax yield halved in 1986/87 because of a comparable fall in the oil price in 1986. Subsequently, it continued to fall as expenditure rose but, from 1992/93 to 1996/97, the yield rose steadily in line with rising production and some recovery in oil prices. From 1997/98 to 1999/2000 the yield dropped in line with falling oil prices then rose again as oil prices increased. The yield reached a high point in 2005/06 and 2006/07, boosted by a change in the instalment regime for North Sea companies and an increase in the rate of the supplementary charge to 20 per cent, but declined in 2007/08 as a result of lower production and high costs. There was a considerable increase in receipts in 2008/09 due to record oil and gas prices, but yield decreased by half in 2009/10 as prices dropped significantly, production declined and expenditure increased.