HMRC - OT05215 - Scheme - Scope

1 July 2006 to 7 June 2007

For proposed deliveries with a transaction base time (see OT05220 below) on or after 01 July 2006, only oil that is being sold under a BFO contract is within the scope of the scheme. Therefore the nomination scheme will apply to any proposed transaction where any part of the subsequent BFO sale is derived from the seller’s own production.

The provisions in question are contained within Regulation 2A. Reg. 2A defines excluded oil as being any equity oil other than that delivered under a BFO contract. FA1987\S61(2)(c) states that the nomination schemes provisions do not apply to oil which is excluded by regulations made under FA1987\S61(8). Reg. 2A is made under the power of FA1987\S61(8).

Therefore, any proposed sales under dated or term contracts with a transaction base time on or after 01 July 2006 do not need to be nominated.

This is in recognition of the fact that the only present North Sea contract that provides the scope to tax spin is the BFO contract.

8 June 2007 onwards

From 8 June 2007 the BFO contract became the BFOE contract, by including sales of Ekofisk into the Brent-Forties-Oseberg forward contract. SI2007\1454 The Oil Taxation (Nomination scheme for disposals)(Amendment) Regulations 2007 extended the Nomination scheme regulations\* to include BFOE contracts.

The main regulations are at SI1987\1338, which have subsequently been amended by SI1990\2469 and SI2006\3089.

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