HMRC - OT05515 - PRT: Royalty - Royalty Payable

PRT Royalty was abolished with effect from 1 January 2003.

The amount of royalty payable for a period for the purposes of the computation of the licence debit or credit is the amount shown the Return under OTA75\SCH2\PARA2(3)(a) which in turn is the amount shown as payable in the Return made to the Secretary of State (the statement of value). This means that the figure taken is that shown on the SOV (or other Return) made to LB Oil & Gas and submitted at the same time as the PRT1 for the period. No account will be taken of any subsequent amendments of the payable figure on the SOV for whatever reason those amendments are made. Such adjustments will eventually be reflected in alterations to the actual amounts paid in subsequent periods and by that means come into the licence debit or credit computation.

Similarly the corresponding credit for each period is the amount taken into account in the licence debit or credit computation for the previous chargeable period as royalty payable. No account will be taken of any changes in the actual amount due that may have been agreed with LB Oil & Gas in the interim.

To give an example:

In 9406 the royalty payable in the period (debit OTA75\S2(7)(a)) will be the amount shown on the SOV as royalty payable in respect of the period ended on 30 June 1994, and the royalty payable in respect of the previous period (credit OTA75\S2(6)(a)(i)) will be the amount included in the licence debit and credit computation for 9312 as royalty payable for that period.

Thus the debit in one period is exactly matched by the credit in the subsequent period thereby allowing a rough and ready accruals adjustment to be made.

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