HMRC - OT15650 - Qualifying Tariff Receipts

OTA83\S9(6)

Tariff receipts allowance (TRA) is only given where the tariffs chargeable on the participator are ‘qualifying tariff receipts’ from a user field (see OT15625).

‘Qualifying tariff receipts’ from a user field are the tariffs chargeable in the principal field, which are received from a participator in the user field, which relate to

the use of an asset (or the provision of services or other business facilities in connection with the use of an asset)

for extracting, transporting, initially treating or initially storing oil won, other than from the principal field.

The term ‘asset’ can be read as ‘assets’ (plural); see OT15675 on BP Developments Ltd v CIR (64TC 498).

TRA is therefore only available where the use of the asset or the provision of services etc. relates to specific activities. Tariffs that are received from a user field in other circumstances will not qualify for TRA. Examples of situations where tariffs would not be qualifying tariff receipts are where the tariffs relate to assets used for drilling to find oil or where the tariffs relate to assets used for operations after landing.

A transmedian field is treated as two separate fields, one under UK jurisdiction, and the other foreign. The foreign part may be a designated foreign field (see OT15625).

In the case of a gas banking scheme (see OT05445) gas transferred to a user field under the scheme is to be treated as won from that field.

Tariffs deemed to arise under OTA83\Sch2\Para12 where oil is purchased at the place of extraction (see OT15540) qualify for TRA.

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