HMRC - OT15860 - PRT: Tax-Exempt Tariffing Receipts - Definition Of Qualifying Existing Field

An existing field (OT15830) can only be a Qualifying Existing Field if the condition in OTA83\S6B is satisfied.

The condition for being a Qualifying Existing Field OTA83\S6B

The condition for an existing field to be a qualifying existing field is that at no time in the period 9 April 1997 to 8 April 2003 (“the 6 year period”) was there:

any use of a disqualifying asset in a UK area in relation to the field or oil won from it, or

any provision of any services or other business facilities of whatever kind in connection with the use of a disqualifying asset in a UK area in relation to the field or oil won from it.

Disqualifying Assets

OTA83\S6B(2) defines a disqualifying asset in relation to the existing field as an asset which at that time was a qualifying asset in relation to a participator in an oil field unless that asset was an excepted asset at the time.

A qualifying asset in relation to a participator in an oil field is an asset, other than a non-dedicated mobile asset (OT11100), for which expenditure is allowable, or has been allowed to the participator (see OT15100 for the detailed rules concerning qualifying assets). In practice this means that where any UK infrastructure or dedicated mobile assets (OT11150) were used in relation to an existing field in the 6 year period that field cannot be a qualifying existing field unless all of the use of qualifying assets during the 6 year period was use of excepted assets.

Excepted Assets

A qualifying asset is not regarded as disqualifying asset in relation to the existing field for a specific point in time in the 6 year period if it falls within one or more of the categories of excepted assets at that time. For details of excepted assets see:

assets wholly situated in existing field (OT15870),

tankers and tanker loaded fields (OT15880),

assets subject to excess capacity election (OT15890).

A qualifying asset is not a disqualifying asset if it is an excepted asset throughout the period of use within the 6 year period.

Where an asset is an excepted asset at any point in time the provision of any services or other business facilities in connection with the use of the excepted asset at that time in relation to an existing field is also disregarded for the purpose of the disqualifying asset test.

UK Area

For the purposes of the tax-exempt tariffing rules the UK area consists of the UK, the territorial sea of the UK and a designated area but excluding the foreign sector of a transmedian field (OT13450).

Transmedian fields

OTA83\S6B(6) applies where an asset in a UK area is a qualifying asset in relation to a participator in the UK sector of a transmedian field and is also a chargeable asset (OT13525) in relation to a participator in the foreign sector. The use of the asset is allocated on a just and reasonable basis to use that is attributable to a participator in the UK sector and to use that is attributable to a participator in the foreign sector. For the purpose of the disqualifying asset test the use attributable to a participator in the foreign sector is not regarded as use of a qualifying asset in relation to a participator in an oil field.

Previous page

Next page