HMRC - OT18550 - PRT Compliance: The New Approach To Governance And Delivery

The new approach is focussed on understanding how our customers’ governance and processes manage tax risk, see TCRM1000.

System assurance has always been a concern of PRT compliance as returns and claims are not subject to independent audits prior to submission and significant reliance has to be placed on the accuracy of operators’ systems. As reflected in earlier guidance there has been a focus on accounting systems from the first claims audit, the taking up of accounting issues as they arise, any subsequent reviews of accounting systems and the PRT/Accounts reconciliation process, see OT18660.

In considering systems and processes the position of operators and non operators will be different;

For operators, we need to consider all the systems for which they are responsible which may have a bearing on PRT liabilities; for example oil and gas terminal systems that allocate hydrocarbons to the various users, arrangements for making PRT2 returns and systems for claiming Schedule 5 expenditure. We need to work with the group to establish the level of assurance. This does not mean that we need to have discussions on all such systems before low risk status can be agreed. But LB Oil & Gas will need reason to have confidence generally in a group’s systems and governance arrangements which will include good communications between the tax function and other parts of the business.

For non-operators, we need to consider arrangements for returning income and claiming expenditure under Schedule 6.

See

OT18650 on First Claim Audits.

The guidance for Senior Accounting Officers (SAOs) following FA09\Sch46. PRT is one of the taxes for which SAOs must be established and maintain appropriate tax accounting arrangements.

Previous page

Next page