HMRC - OT19125 - PRT: Appendices - Extra Statutory Concessions

Gas and the Oil Allowance

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See OT17250

OTA75\S8(4) allows a participator to elect for the oil allowance to be set against oil in priority to gas. OTA75\S8(3) provides for the cash equivalent of a participator’s share of the oil allowance to be calculated by reference to the formula (A x B)/(C) where A is the participator’s gross profit, B is his share of the allowance and C is his share of the oil won and saved from the field.

The legislation provides that if the participator so elects gross profits (for the A factor) can be computed ignoring receipts from gas (subject to OTA75\S8(4)(b) where his share of oil allowance exceeds his share of the oil other than gas won and saved). By concession, where an election is made, gas is also excluded from the total of oil won and saved (for the C factor). This concessionary treatment applies similarly to the corresponding oil allowance election for advance petroleum revenue tax (FA82\S141(5)).

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Direct Exports from Tanker-Loading Fields

(Replaced by F2A92\S74 in respect of chargeable periods ended after 30 June 1992).

See OT09175

OTA75\S3(1)(f) allows, as a deduction for petroleum revenue tax, expenditure incurred by a participator in transporting oil to the place where it is first landed in the United Kingdom or to the place in the United Kingdom at which the seller in a sale at arm’s length could reasonably be expected to deliver it or, if there is more than one place at which he could reasonably be expected to deliver it, the ones nearest to the place of extraction.

By concession, where oil is directly exported from a field by tanker and is not delivered to the United Kingdom, the cost of transportation to the actual point of delivery is allowed, up to the amount which would have been allowable if the oil had been landed in the United Kingdom.

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OTA75\Sch3\Para9

See OT13100

OTA75\Sch3\Para9, allows a participator in an oil field to elect to have petroleum revenue tax relief for certain expenditure (broadly, capital expenditure on field development) spread over a period rather than allowed immediately.

OTA75\Sch3\Para9(5) imposes a time limit for making such an election. The limit is 3 months after the end of the relevant chargeable period with an extended time limit for the first four chargeable periods. Up to and including 1982, the 3 months time limit was consistent with the period within which assessments to petroleum revenue tax were made. FA82\Sch9\Para19 changed the due date, and as a result assessments are normally made 5 months after the end of the chargeable period. By concession, the time limit for making an election to spread expenditure has also been extended from 3 months to 5 months.

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Tariff Receipts Allowance in respect of Foreign “User” Fields

See OT13550

OTA83\S9, provides a tariff receipts allowance to the participators in an oil field for each 6 month chargeable period for which the field is liable to Petroleum Revenue Tax (PRT) in respect of qualifying tariff receipts attributable to the field.

The allowance is given in respect of each field using the asset giving rise to the tariff receipts. For this purpose a “user” field can be another United Kingdom field or a foreign field, but in the latter case the field must be one which has been specified as a foreign field for the purpose of the Act by an order made by statutory instrument by the Secretary of State for Energy.

The allowance is not due in respect of any tariffs received or receivable from a foreign field prior to the order being made even though the tariffs themselves are chargeable to PRT from the time they first arise under the normal charging provisions of Section 6 of the Act.

By concession, relief is now to be given, once an order specifying the foreign field has been made, back to the date on which tariffs were first received or receivable from the foreign field in question.

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Petroleum Revenue Tax Instalments

FA82\Sch19\Para3(1) entitled a participator, on giving notice to the Board, to withhold the instalment due for a month under Paragraph 2 of the Schedule if, in the previous month, he did not deliver or relevantly appropriate any of the oil won from the field.

By concession, a participator is also to be entitled, again on giving notice to the Board, to withhold the instalment for a month if in the previous or an earlier month, oil actually ceased to be won from the field as a result of some sudden catastrophic loss of or damage to production, transportation or initial treatment facilities relating to the field, and has not recommenced.

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