HMRC - OT26016 - 1967 Memorandum - HMRC View On The Meaning Of Field

When the agreement was made it was necessary to select an area by reference to which it could be determined whether scientific research had come to a halt at the end of Stage 3. The area which was selected for the purposes of the agreement was the oil field. An oil field was later defined for PRT by the Oil Taxation Act 1975 (OTA75).

By its nature, exploration is directed at determining whether or not there is a field and what the field boundaries may be. Having adopted the policy that Stage 3 was to be considered on a pre PRT field by field basis, the issue arose post OTA75 as to whether SRAs (now RDA) could be given for further exploration which takes place within the boundaries of what has already been determined to be a PRT field.

It is the HMRC view that such relief may be available in principle but the success or otherwise of any claim will depend upon the particular facts.

All wells in respect of an area which is developed as a field will qualify under RDA or MEA. In other words initial wells up to the end of Stage 3, will qualify for RDA.

If there is a first development well which does not itself qualify for RDA it will be relieved under MEA. Second and subsequent development wells also qualify for MEA, and possibly under other codes. It would be unusual for the costs of a well not to qualify for relief at all.

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