



# Oil Taxation Act 1975

## 1975 CHAPTER 22

An Act to impose a new tax in respect of profits from substances won or capable of being won under the authority of licences granted under the Petroleum (Production) Act 1934 or the Petroleum (Production) Act (Northern Ireland) 1964; to make in the law relating to income tax and corporation tax amendments connected with such substances or with petroleum companies; and for connected purposes. [8th May 1975]

### Editorial Information

- X1** General amendments to Tax Acts, Income Tax Acts, and/or Corporation Tax Acts made by legislation after 1.2.1991 are noted against [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#) but not against each Act

### Modifications etc. (not altering text)

- C1** This Act is presented in the form in which it appears in the 1988 edition of The Taxes Acts (published by HMSO) and incorporating amendments made by the 1989 Inland Revenue Supplement and 1991 Statutes in Force Supplement. The style of editing differs from that applicable to most Acts published in Statutes in Force.
- C2** General amendments etc. to Tax Acts (or Income Tax Acts or Corporation Tax Acts as the case may be) made by [Taxes Management Act 1970 \(c. 9, SIF 63:1\)](#), [s. 41A\(7\)](#) (as added by [Finance Act 1990 \(c. 29, SIF 63:1\)](#), [s. 95\(1\)\(2\)](#)), [British Telecommunications Act 1981 \(c. 38, SIF 96\)](#), [s. 82\(2\)\(7\)](#); [Telecommunications Act 1984 \(c. 12, SIF 96\)](#), [s. 72\(3\)](#); [Finance Act 1984 \(c. 43, SIF 63:1\)](#), [ss. 82\(6\), 85\(2\), 89\(1\)\(7\), 96\(1\)\(7\), 98\(7\)](#), [Sch. 9 para. 3\(2\)\(9\)](#), [Sch. 16 paras. 6, 12](#) and [Finance Act 1985 \(c. 54, SIF 63:1\)](#), [ss. 72\(1\), 74\(5\)](#), [Sch. 23 para. 15\(4\)](#), [S.I. 1987/530](#), [regs. 11\(2\), 13\(1\), 14](#), [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [ss. 4, 6, 7, 9, 32, 34, 78, 134, 135, 141, 142, 185, 191, 193, 194, 195, 200, 203, 209, 212, 213, 219, 247, 253, 272, 287, 314, 315, 317, 318, 325, 326, 327, 345, 350, 351, 368, 375, 381, 397, 414, 432, 440, 442, 446, 458, 460, 461, 463, 463\(2\)\(3\)](#) (as added by [Finance Act 1990 \(c. 29, SIF 63:1\)](#), [s. 50\(2\)](#)), [468, 474, 475, 486, 490, 491, 503, 511, 518, 524, 532, 544, 550, 556, 558, 569, 572, 582, 595, 601, 613, 617, 619, 621, 639, 656, 660, 663, 676, 689, 691, 694, 700, 701, 714, 716, 739, 743, 754, 763, 776, 780, 781, 782, 787, 789, 811, 828, 829, 832, 833, 834, 835, 837, 838, 839, 840, 841, 842](#), [Sch. 2 para. 5](#), [Sch. 4 para. 5](#), [Sch. 13 para. 10](#), [Sch. 16 para. 10](#), [Sch. 21 para. 6](#), [Sch. 26 para. 1](#), [Sch. 27 para. 20](#), [Finance Act 1988 \(c. 39, SIF 63:1\)](#), [ss. 66, 127\(1\)\(6\)](#), [Sch. 12 para. 6](#), [Capital Allowances Act 1990 \(c. 1, SIF 63:1\)](#), [ss. 28\(1\), 68\(8\), 74, 82, 83\(5\), 148\(5\), 163\(4\), 164\(2\)](#), [S.I. 1990/627](#) and [Finance Act 1990 \(c. 29, SIF 63:1\)](#), [s. 25\(10\)](#)
- C3** Act modified by [Finance Act 1991 \(c. 31, SIF 63:1\)](#), [ss. 106\(4\), 108\(3\)](#).

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

Act modified (27.7.1999) by 1999 c. 16, s. 98(2)(4)

**Commencement Information**

**II** Act wholly in force at Royal Assent.

**PART I**

PETROLEUM REVENUE TAX

**Modifications etc. (not altering text)**

- C4** Pt. I construed as one with the following enactments: Finance Act 1986 (c. 41), s. 109 (see s 109(6)); Advance Petroleum Revenue Tax Act 1986 (c. 68, SIF 63:1) (see s. 2(2)); Finance (No. 2) Act 1992 (c. 48), s. 74 (by s. 74(6)); Finance Act 1993, Pt. III (other than s. 194) (see s. 195(3)); Finance Act 1994 (c. 9), Pt. V (see s. 257(2)); Finance Act 1999 (c. 16), ss. 95-98 (see ss. 97(7), 98(7)); Finance Act 2001 (c. 9), Sch. 32 (see s. 101(4)(5), Sch. 32 para. 11)
- C5** Pt I applied (6.3.1992 with effect as mentioned in s. 289(1)(2) of the amending Act) by Taxation of Chargeable Gains Act 1992 (c. 12), ss. 199(7)(c), 276(5), 289 (with ss. 60, 101(1), 171, 201(3)).
- C6** Pts. I III modified by Oil Taxation Act 1983 (c. 56), s. 6A (as inserted (22.7.2004) by Finance Act 2004 (c. 12), s. 285(3))

**1 Petroleum revenue tax.**

- (1) A tax, to be known as petroleum revenue tax, shall be charged in accordance with this Part of this Act in respect of profits from oil won under the authority of a licence granted under either [<sup>F1</sup>Part I of the Petroleum Act 1998] or the <sup>M1</sup>Petroleum (Production) Act (Northern Ireland) 1964; and in this Part of this Act “oil” means any substance so won or capable of being so won other than methane gas won in the course of operations for making and keeping mines safe.
- (2) For each oil field [<sup>F2</sup>which is a taxable field] the tax shall, in the case of each participator, be charged at the rate of [<sup>F3</sup>[<sup>F4</sup>0] per cent.] on the assessable profit accruing to him in any chargeable period from that field, as reduced under section 7 of this Act by any allowable losses and under section 8 of this Act by reference to his share, if any, of the oil allowance for that period, subject however to the limit imposed in his case by section 9 of this Act.
- (3) In relation to any oil field—
  - (a) the first chargeable period is the period ending at the end of the critical half year (including an unlimited time prior to the beginning of that half year); and
  - (b) each subsequent half year is a chargeable period.
- (4) In this section—
 

“the critical half year”, in relation to an oil field, means the first half year ending after 12th November 1974 at the end of which the total amount of oil ever won and saved from the field exceeds 1,000 [<sup>F5</sup>metric tonnes] (counting [<sup>F5</sup>1,100 cubic metres] of gas at a temperature of 15 degrees centigrade and pressure of one atmosphere as equivalent to one [<sup>F5</sup>metric tonne]);

“half year” means a period of six months ending at the end of June or December.

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- (5) Schedule 1 to this Act shall have effect with respect to the determination of oil fields, and Schedule 2 to this Act shall have effect with respect to the management and collection of the tax; and this Part of this Act shall have effect subject to the further provisions in Schedule 3 to this Act and, in connection with certain gas sold to the British Gas Corporation, to section 10 of this Act.

#### Textual Amendments

- F1** Words in s. 1(1) substituted (15.2.1999) by 1998 c. 17, s. 50, **Sch. 4 para. 7(2)** (with Sch. 3 para. 5(1)); S.I. 1999/161, **art. 2(1)**
- F2** Words in s. 1(2) inserted (27.7.1993) by 1993 c. 34, **s. 185(4)(a)**
- F3** Words substituted by **Finance Act 1982 (c. 39), s. 132(1)** in relation to chargeable periods ending after 31 December 1982
- F4** Word in s. 1(2) substituted (with effect in accordance with s. 140(4) of the amending Act) by **Finance Act 2016 (c. 24), s. 140(1)**
- F5** Words substituted by **Finance (No. 2) Act 1979 (c. 47), s. 21(2)** in relation to chargeable periods and half years ending after 31 December 1978

#### Modifications etc. (not altering text)

- C7** See **Oil Taxation Act 1983 (c. 56), s. 12(5)** in relation to the charge of receipts attributable to the U.K. use of foreign fields assets received or receivable after 30 June 1982 and Sch. 1 para. 1(4) in relation to expenditure on associated assets used in connection with an external field
- C8** See **Finance Act 1982 (c. 39), s. 135(1)**
- C9** Definition applied for purposes of **Income and Corporation Taxes Act 1988 (c. 1), s. 500(5)** Deduction of PRT in computing income for corporation tax purposes

#### Marginal Citations

- M1** 1964 c. 28 (N.I.).

## 2 Assessable profits and allowable losses.

- (1) For the purposes of the tax the assessable profit or allowable loss accruing to a participator in any chargeable period from an oil field shall be computed in accordance with the following provisions of this section.
- (2) The assessable profit or allowable loss so accruing in the period is the difference (if any) between the sum of the positive amounts for the period and the sum of the negative amounts for the period; and that difference (if any) is an assessable profit if the sum of the positive amounts is greater than the sum of the negative amounts, and is otherwise an allowable loss.
- (3) For the period—
- the positive amounts for the purposes of this section are the following (as defined in this section), namely the gross profit (if any) accruing to the participator in the period, his licence credit (if any) for the period, and any amount to be credited to him for the period in respect of expenditure; and
  - the negative amounts for those purposes are the following (as so defined) namely the gross loss (if any) so accruing, his licence debit (if any) for the period, and any amount to be debited to him for the period in respect of expenditure.

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- (4) <sup>F6</sup>For the purposes of the tax (including advance petroleum revenue tax) the gross profit or loss (if any) accruing to the participator in the period is the difference (if any) between—
- (a) the aggregate of the amounts mentioned in subsection (5) below; and
  - (b) one-half of the market value, <sup>F7</sup>on the last business day] of the preceding chargeable period, of so much of his share of oil won from the field as he had <sup>F8</sup>at the end of that period] either—
    - (i) not disposed of and not relevantly appropriated; or
    - (ii) disposed of but not delivered,
 and the difference (if any) is a gross profit if the said aggregate is greater than one-half of the said market value, and is otherwise a gross loss.
- (5) <sup>F9</sup>Subject to <sup>F10</sup>subsections (5A) and (5B)] below] the amounts referred to in subsection (4)(a) above are—
- (a) the price received or receivable for so much of any oil won from the field and disposed of by him crude in sales at arm's length as was delivered by him in the period (excluding oil delivered before 13th November 1974);
  - (b) the aggregate market value, ascertained in accordance with Schedule 3 to this Act, of so much of any oil <sup>F11</sup>(not being light gases)] so won and disposed of by him crude otherwise than in sales at arm's length as was delivered by him in the period (excluding oil delivered before 13th November 1974);
  - (c) the aggregate market value, ascertained in accordance with Schedule 3 to this Act, of so much of any oil <sup>F11</sup>(not being light gases)] so won as was relevantly appropriated by him in the period without being disposed of (excluding oil so appropriated before 13th November 1974); and
- <sup>F12</sup>(ca) the market value, ascertained in accordance with paragraph 3A of Schedule 3 to this Act, of so much of any light gases so won and disposed of by him otherwise than in sales at arm's length as was delivered by him in the period; and
- (cb) the market value, ascertained in accordance with paragraph 3A of Schedule 3 to this Act, of so much of any light gases so won as was relevantly appropriated by him in the period without being disposed of; and]
  - (d) one-half of the market value, <sup>F13</sup>on the last business day] of the period, of so much of his share of oil so won as he had <sup>F8</sup>at the end of that period] either—
    - (i) not disposed of and not relevantly appropriated; or
    - (ii) disposed of but not delivered <sup>F14</sup>and]
- <sup>F15</sup>(e) the excess of the nominated proceeds for that period, as defined in section 61 of the Finance Act 1987].
- <sup>F16</sup>(5A) In any case where <sup>F17</sup>oil] is disposed of in a sale at arm's length and the terms of the contract are such that the seller is required to transport the <sup>F18</sup>oil] from a place on land in the United Kingdom <sup>F19</sup>or another country<sup>F20</sup>, or from its place of extraction (where that is in the territorial sea of the United Kingdom or a designated area),] for delivery at another place in or] outside the United Kingdom or to meet some or all of the costs of or incidental to its transportation from and to such places then, for the purposes of this Part of this Act—
- (a) the price received or receivable for the <sup>F18</sup>oil] shall be deemed to be that for which it would have been sold, and
  - (b) the <sup>F18</sup>oil] shall be deemed to be delivered at the time it would have been delivered,

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if the terms of the contract [<sup>F21</sup>did not require the seller to meet any such costs as are mentioned above but did require the [<sup>F18</sup>oil] to be delivered—

- (i) in the case of [<sup>F18</sup>oil] extracted in the United Kingdom, at the place of extraction; or
- (ii) in the case of [<sup>F18</sup>oil] extracted from strata in the sea bed and subsoil of the territorial sea of the United Kingdom or of a designated area, at the place in the United Kingdom [<sup>F22</sup>or, in the case of oil first landed in another country, at the place in that or any other country]at which the seller could reasonably be expected to deliver it or, if there is more than one such place, the one nearest to the place of extraction.]]

[<sup>F23</sup>(5B) The Board may by regulations make provision for the purposes of subsection (5)(a) to (c) for determining to which fields and in what proportions blended oil to which subsection (5C) applies is attributable.

(5C) This subsection applies to blended oil within the meaning of section 63(1A) of the Finance Act 1987 (other than light gases) which—

- (a) is not gaseous at a temperature of 15 degrees Centigrade and a pressure of one atmosphere, and
- (b) is not normally disposed of crude by deliveries in quantities of 25,000 metric tonnes or less.

(5D) Regulations under subsection (5B)—

- (a) may apply generally or only to specified cases or circumstances,
- (b) may make different provision for different cases or circumstances,
- (c) may make incidental, consequential, or transitional provision,
- (d) shall be made by statutory instrument, and
- (e) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.]

(6) The participator's licence debit or credit (if any) for the period is the difference (if any) between—

- (a) the sum of the amounts mentioned in subsection (7) below; and
- (b) the sum of—
  - (i) the amount taken into account under paragraph (a) of that subsection in computing his licence debit or credit for the preceding chargeable period; and
  - (ii) the amount of any royalty repaid to the participator in the period in respect of the field;

and that difference (if any) is a licence debit if the sum mentioned in paragraph (a) above is greater than the sum mentioned in paragraph (b) above, and is otherwise a licence credit.

(7) The amounts referred to in subsection (6)(a) above are—

- (a) the amount shown in the return for the period made under paragraph 2 of Schedule 2 to this Act as the amount of royalty payable for the period in respect of the participator's share of oil won from the field;
- (b) the amount of royalty paid in the period in respect of that share; and
- (c) any amount paid in the period in respect of any periodic payment payable to the [<sup>F24</sup>OGA] under any relevant licence otherwise than by way of royalty.

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- [<sup>F25</sup>(8) The amount (if any) to be debited or credited to the participator for the period in respect of expenditure is the sum of the amounts mentioned in subsection (9) below.]
- (9) [<sup>F26</sup>Subject to section 192 of the Finance Act 1993] the amounts referred to in subsection (8)(a) above are—
- <sup>F27</sup>(a) . . . . .
- (b) the participator's share, as determined on a claim under Schedule 5 to this Act, of the aggregate of—
- (i) any expenditure allowable under section 3 or 4 of this Act for the field which has been allowed on such a claim before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field; and
- (ii) an amount equal to [<sup>F28</sup>35 per cent.] of so much of that expenditure as has been so allowed on such a claim as qualifying for supplement under this sub-paragraph by virtue of subsection (5) of the said section 3,
- so far as that share has not been taken into account in any previous assessment to tax or determination;
- (c) the aggregate of—
- (i) any expenditure allowable in the case of the participator under section 3 or 4 of this Act which has, on a claim made by him under Schedule 6 to this Act, been allowed before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field; and
- (ii) an amount equal to [<sup>F28</sup>35 per cent.] of so much of that expenditure as has been so allowed on such a claim as qualifying for supplement under this sub-paragraph by virtue of subsection (5) of the said section 3,
- so far as that expenditure and amount have not been taken into account in any previous assessment to tax or determination;
- (d) any abortive exploration expenditure allowable in the case of the participator under section 5 of this Act which on a claim made by him under Schedule 7 to this Act has been allowed under that Schedule before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field, so far as that expenditure has not been taken into account in any previous assessment to tax or determination; and
- (e) any unrelievable field losses allowable in the case of the participator under section 6 of this Act which on a claim made by him under Schedule 8 to this Act have been allowed under that Schedule before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field, so far as those losses have not been taken into account in any previous assessment to tax or determination [<sup>F29</sup>; and]
- [<sup>F30</sup>(f) any exploration and appraisal expenditure allowable in the case of the participator under section 5A of this Act which, on a claim made by him under Schedule 7 to this Act, has been allowed under that Schedule before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field, so far as that expenditure has not been taken into account in any previous assessment to tax or determination][<sup>F31</sup>; and]
- [<sup>F32</sup>(g) any research expenditure allowable in the case of the participator under section 5B of this Act which, on a claim made by him under Schedule 7 to this

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Act, has been allowed under that Schedule before the Board have made an assessment to tax or a determination on or in relation to him for the period in respect of the field, so far as that expenditure has not been taken into account in any previous assessment to tax or determination.]

F<sup>33</sup>(10) .....

F<sup>33</sup>(11) .....

### Textual Amendments

- F6** Words inserted by [Finance Act 1982 \(c. 39\), s. 139\(1\)\(6\)](#) and Sch. 19 para. 18 in respect of chargeable periods ending after 31 December 1982
- F7** Words in s. 2(4)(b) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 2\(2\)](#)
- F8** Words substituted by [Finance Act 1987 \(c. 16\), s. 62\(2\)](#) for chargeable periods ending after 31 December 1986
- F9** Words inserted by [Finance Act 1982 \(c. 39\), s. 133\(1\)](#) with respect to chargeable periods ending after 31 December 1981
- F10** Words in s. 2(5) substituted (19.7.2006) by [Finance Act 2006 \(c. 25\), s. 148\(1\)](#)
- F11** Words in s. 2(5)(b)(c) inserted (3.5.1994) by 1994 c. 9, s. 236, [Sch. 23 para. 1\(1\)](#)
- F12** S. 2(5)(ca)(cb) inserted (3.5.1994) by 1994 c. 9, s. 236, [Sch. 23 para. 1\(1\)](#)
- F13** Words in s. 2(5)(d) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 2\(3\)](#)
- F14** Word added by [Finance Act 1987 \(c. 16\), s. 61\(5\)](#)
- F15** S. 2(5)(e) added by [Finance Act 1987 \(c. 16\), s. 61\(5\)](#)
- F16** S. 2(5A) added by [Finance Act 1982 \(c. 39\), s. 133\(1\)](#) with respect to chargeable periods ending after 31 December 1981
- F17** Word in s. 2(5A) substituted (3.5.1994) by 1994 c. 9, [s. 235\(1\)\(a\)](#)
- F18** Word in s. 2(5A) substituted (3.5.1994) by 1994 c. 9, [s. 235\(1\)\(b\)](#)
- F19** Words in s. 2(5A) substituted (3.5.1994) by 1994 c. 9, [s. 235\(1\)\(c\)](#)
- F20** Words in s. 2(5A) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 2\(4\)](#)
- F21** Words in s. 2(5A) substituted (16.7.1992 with effect as mentioned in s. 74(5) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 74, Sch. 15 para. 1](#)
- F22** Words in s. 2(5A)(ii) inserted (3.5.1994) by 1994 c. 9, [s. 235\(1\)\(d\)](#)
- F23** S. 2(5B)-(5D) inserted (19.7.2006) by [Finance Act 2006 \(c. 25\), s. 148\(2\)\(3\)](#)
- F24** Word in s. 2(7)(c) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(2\)](#)
- F25** S. 2(8) substituted (with effect in accordance with Sch. 43 paras. 1, 3(5) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 43 para. 3\(2\)](#) (with Sch. 43 paras. 2, 3(5)(6), 4)
- F26** Words in s. 2(9) inserted (27.7.1993) by 1993 c. 34, [s. 192\(3\)](#)
- F27** S. 2(9)(a) omitted (with effect in accordance with Sch. 43 paras. 1, 3(5) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 43 para. 3\(3\)](#) (with Sch. 43 paras. 2, 3(5)(6), 4)
- F28** Words substituted by [Finance \(No. 2\) Act 1979 \(c. 47\), s. 19\(1\)](#) in relation to expenditure under post-31 December 1978 contracts. See, however, s. 19(3) of that Act where a change order has been made under a continuing pre-1 January 1979 contract
- F29** “; and” added by [Finance Act 1983 \(c. 49\), s. 37\(2\)](#) and Sch. 8 Part II para. 1
- F30** S. 2(9)(f) added by [Finance Act 1983 \(c. 49\), s. 37\(2\)](#) and Sch. 8 Part II para. 1
- F31** “; and” added by [Finance Act 1987 \(c. 16\), s. 64\(2\)](#) and Sch. 13 Part II para. 1
- F32** S. 2(9)(g) added by [Finance Act 1987 \(c. 16\), s. 64\(2\)](#) and Sch. 13 Part II para. 1
- F33** S. 2(10)(11) omitted (with effect in accordance with Sch. 43 paras. 1, 3(5) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 43 para. 3\(3\)](#) (with Sch. 43 paras. 2, 3(5)(6), 4)

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**Modifications etc. (not altering text)**

- C10** S. 2 modified by Finance Act 1991 (c. 31, SIF 63:1), **s. 108(4)**.
- C11** See also: Finance (No. 2) Act 1979 (c. 47), **s. 22**; Finance Act 1980 (c. 48), **s. 108**; Finance Act 1981 (c. 35), **ss. 118, 126**; Oil Taxation Act 1983 (c. 56), **ss. 6, 7, 9, 12** and Schs. 2, 4
- C12** See Finance Act 1982 (c. 39), **s. 134(3)** where an election for alternative valuation of ethane applies and s. 140(2)(4) in regard to increase of gross profit by reference to royalties in kind for purposes of APRT; Finance Act 1986 (c. 41), **s. 109(4)** where an election for alternative valuation of light gases applies
- C13** S. 2(5A) applied (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), **ss. 280(9), 1184(1)** (with Sch. 2)
- C14** See Oil Taxation Act 1983 (c. 56), **Sch. 1 para. 2** where expenditure incurred in respect of a remote associated asset
- C15** S. 2(9) excluded (27.7.1993) by 1993 c. 34, **s. 192(3)**
- C16** See Finance Act 1987 (c. 16), **s. 65(5)**
- C17** See Oil Taxation Act 1983 (c. 56), **s. 3(6)** and Sch. 1 para. 2
- C18** See Oil Taxation Act 1983 (c. 56), **s. 7(6)** for reduction of supplement when there are disposal receipts in any chargeable period ending after 30 June 1982
- C19** See Finance Act 1981 (c. 35), **ss. 111–113, 115**
- C20** See Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), **s. 493**

**3 Allowance of expenditure (other than expenditure on long-term assets and abortive exploration expenditure).**

- (1) Subject to the provisions of this section and Schedules 4, 5 and 6 to this Act, the expenditure allowable under this section for any oil field is any expenditure (whether or not of a capital nature) which, not being expenditure to which section 4 of this Act applies, is incurred by a person at or before the time when he is a participator in the field to the extent [<sup>F34</sup>subject to subsection (7) below] that it is incurred for one or more of the following purposes, namely—
- (a) searching for oil anywhere within the area of the field as subsequently determined under Schedule 1 to this Act or not more than 5,000 metres beyond the boundary of that area;
  - (b) making to the [<sup>F35</sup>OGA] any payment under or for the purpose of obtaining a relevant licence, not being a payment by way of royalty or other periodic payment;
  - (c) ascertaining (whether before or after the determination of the field under Schedule 1 to this Act) the extent or characteristics of any oil-bearing area wholly or partly included in the field, or what the reserves of oil of any such oil-bearing area are;
  - (d) winning oil from the field;
  - (e) measuring the quantity of oil won or to be won from the field;
  - (f) in the case of oil won from the field that was so won from strata in the sea bed and subsoil of either the territorial sea of the United Kingdom or a designated area, transporting it
    - [<sup>F36</sup>(i)] to the place where it is first landed in the United Kingdom [<sup>F37</sup>[<sup>F38</sup>or
    - (ii) to the place in the United Kingdom or, in the case of oil first landed in another country, to the place in that or any other country (other than the United Kingdom)]



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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 one nearest to the place of extraction];

- (g) the initial treatment or initial storage of oil won from the field;
- (h) disposing of any oil won from the field which is disposed of crude in sales at arm's length;

[<sup>F39</sup>(hh) obtaining an abandonment guarantee, as defined in section 104 of the Finance Act 1991]

[<sup>F40</sup>(i) closing down, decommissioning, abandoning or wholly or partially dismantling or removing any qualifying asset;

- (j) carrying out qualifying restoration work consequential upon the closing down of the field or any part of it.]

[<sup>F41</sup>(1A) In this section “qualifying asset” has the same meaning as in the Oil Taxation Act 1983; and, in the case of a qualifying asset which was leased or hired, the reference in subsection (1)(i) above to decommissioning includes a reference to carrying out any restoration or similar work which is required to be carried out to comply with the terms of the contract of lease or hire.

(1B) In subsection (1)(j) above “qualifying restoration work”, in relation to a participator in an oil field, means—

- (a) restoring (including landscaping) land on which a qualifying asset is or was situated; or
- (b) restoring the seabed (including the subsoil thereof) on which a qualifying asset is or was situated.]

[<sup>F42</sup>(1C) In any case where—

- (a) any expenditure incurred by a participator in a taxable field would, apart from this subsection, be allowable for the field under subsection (1)(i) or (j) above, and
- (b) the qualifying asset that is relevant to the incurring of that expenditure has at some time been used otherwise than [<sup>F43</sup>for a qualifying purpose],

only the relevant portion of the expenditure is allowable for the field under subsection (1)(i) or (j) above.

(1D) In subsection (1C) above “the relevant portion” of the expenditure is the portion of the expenditure that it is just and reasonable to apportion to use of the asset that is use [<sup>F44</sup>for a qualifying purpose].

[ In subsections (1C) and (1D) a reference to use for a qualifying purpose is a reference <sup>F45</sup>(1DA) to—

- (a) use in connection with the taxable field mentioned in subsection (1C), and
- (b) other use in—
  - (i) the United Kingdom,
  - (ii) the territorial sea of the United Kingdom, or
  - (iii) a designated area,

except use wholly or partly for an ineligible oil purpose.

(1DB) In subsection (1DA)(b) the reference to use for an ineligible oil purpose is a reference to—

- (a) use in connection with an oil field other than the taxable field mentioned in subsection (1C), and

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- (b) use for any other purpose (apart from a purpose falling within section 3(1)(b)) of a separate trade consisting of activities falling within <sup>F46</sup>the definition of “oil-related activities” in section 274 of CTA 2010].
- (1DC) In subsections (1DA) and (1DB) a reference to use in connection with a taxable field or other oil field includes use giving rise to receipts which, for the purposes of the Oil Taxation Act 1983, are tariff receipts.]
- (1E) Subsections (1C) and (1D) above have effect subject to the transitional provisions in section 102(5) to (11) of the Finance Act 2001.]
- (2) Subject to the following provisions of this section and Schedules 4, 5 and 6 to this Act, where any amount is <sup>F47</sup>... <sup>F48</sup>under section 77 of the Income Tax (Trading and Other Income) Act 2005 (“ITTOIA 2005”)]<sup>F49</sup>or section 77 of the Corporation Tax Act 2009] (statutory redundancy payments) allowable as a deduction in computing for any accounting period the profits or losses of the relevant trade carried on by a person who was in that period a participator in an oil field, or would be so allowable under <sup>F50</sup>... <sup>F51</sup>that section] if it were not otherwise so allowable, then that amount <sup>F52</sup>... shall be expenditure allowable under this section for that field.
- In this subsection “the relevant trade”, in relation to a participator in an oil field, means the separate trade which by virtue of <sup>F53</sup>section 16 of ITTOIA 2005 or section 279 of CTA 2010 consists of activities carried on by the participator that fall within the definition of “oil-related activities” in section 16(2) of ITTOIA 2005 or section 274 of CTA 2010 or which would have so consisted if those sections] had additionally had effect as regards all past chargeable periods <sup>F54</sup>(as defined by section 1119 of CTA 2010)].
- (3) Expenditure is not allowable under this section for any oil field if, or to the extent that, it has been allowed under Schedule 5 or 6 to this Act for any other oil field or has been allowed under Schedule 7 to this Act in connection with any oil field <sup>F55</sup>but where expenditure allowable under section 5A <sup>F56</sup>or section 5B] of this Act has been allowed on a claim under Schedule 7 to this Act, nothing in this subsection shall prevent a claim being made for an allowance under this section in respect of the same expenditure unless the person making the claim is the participator who made the claim under that Schedule].
- (4) The expenditure allowable under this section for any oil field does not include—
- (a) expenditure in respect of interest or any other pecuniary obligation incurred in obtaining a loan or any other form of credit; or
  - (b) the cost of acquiring any land or interest in land, other than the cost of making to the <sup>F35</sup>OGA] any payment falling within subsection (1)(b) above; or
  - (c) the cost of acquiring or erecting any building or structure on land, except—
    - (i) a structure to be subsequently placed on the sea bed <sup>F57</sup>. . . ; or
    - (ii) a building or structure used or to be used wholly in the process of winning oil from strata in or under land or of measuring the quantity of oil won or to be won from such strata; or
    - (iii) a building or structure used or to be used for initial treatment or initial storage of oil; or
    - <sup>F58</sup>(iv) a building or structure used or to be used for transporting such oil as is mentioned in subsection (1)(f) above from the place where it is first landed <sup>F59</sup>to the place in the United Kingdom or, in the case of oil first landed in another country, to the place in that or any other

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country (other than 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 one nearest to the place of extraction; or]

- (d) any expenditure wholly or partly depending on or determined by reference to the quantity, value or proceeds of, or the profits from, oil won from the field; . . . <sup>F60</sup>
- (e) any payment made for the purpose of obtaining a direct or indirect interest in oil won or to be won from the field, other than a payment made to the [<sup>F35</sup>OGA] ; [<sup>F61</sup>or
- (f) any payment made in pursuance of a notice under section 77C of the Taxes Management Act 1970 (notice requiring licence-holder to pay unpaid tax assessed on non-UK resident);]

but nothing in paragraph (e) above shall be taken to apply to a payment made by a participator in pursuance of a contract whereby expenditure incurred for any of the purposes mentioned in subsection (1) above is to be shared between that participator and any of the other participators in the field.

- (5) [<sup>F62</sup>Subject to subsection (5A) below] expenditure allowable under this section for an oil field qualifies for supplement under section 2(9)(b)(ii) or (c)(ii) of this Act if and to the extent that it is incurred for one or more of the following purposes, namely—
  - (a) bringing about the commencement of the winning of oil from the field or the commencement of the transporting of oil won from it to the United Kingdom [<sup>F63</sup>or another country];
  - (b) ascertaining (whether before or after the determination of the field under Schedule 1 to the Act) any of the matters mentioned in subsection (1)(c) above;
  - (c) carrying out works for, or acquiring an asset or an interest in an asset to be used for the purpose of, substantially improving the rate at which oil can be won or transported to the United Kingdom [<sup>F63</sup>or another country] from the field, or preventing or substantially reducing a decline in that rate; or
  - (d) providing any installation for the initial treatment or initial storage of oil won from the field;

but expenditure incurred in hiring an asset shall not so qualify unless the asset is used in carrying out works for a purpose mentioned in paragraph (a), (b) or (c) above or works for the provision of any such installation as is mentioned in paragraph (d) above.

[<sup>F64</sup>(5A) Where expenditure incurred in relation to an asset is incurred—

- (a) in part for one of the purposes specified in subsection (5) above (or for what would be one of those purposes if section 10(2) below were disregarded), and
- (b) in part for the purpose of enabling the asset to be used in a way giving rise to tariff receipts within the meaning of the Oil Taxation Act 1983,

then, to the extent that the expenditure is incurred for the purpose mentioned in paragraph (b) above, it shall be treated for the purposes of this Part of this Act as incurred for one of the purposes specified in subsection (5) above.]

[<sup>F65</sup>(5B) Expenditure incurred by a participator in an oil field shall be taken to be incurred for the purpose mentioned in paragraph (hh) of subsection (1) above if, and only if,—

- (a) it consists of fees, commission or incidental costs incurred wholly and exclusively for the purposes of obtaining an abandonment guarantee; and

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- (b) the abandonment guarantee is obtained in order to comply with a term of a relevant agreement relating to that field under which the participator is required to provide security (whether or not specifically in the form of an abandonment guarantee) in respect of his liabilities to contribute to field abandonment costs;

and expressions used in this subsection shall be construed in accordance with section 104 of the Finance Act 1991.]

- (6) [<sup>F66</sup>Without prejudice to any apportionment under [<sup>F67</sup>subsections (1C) and (1D)] above] for the purposes of subsections (1) and (5) above [<sup>F66</sup>other than paragraph (hh) of subsection (1)] expenditure incurred partly for one or more of the purposes there mentioned and partly not shall [<sup>F62</sup>subject to subsection (7) below] be apportioned in such manner as is just and reasonable [<sup>F68</sup>and where, in the case of oil won as mentioned in paragraph (f) of subsection (1) above, expenditure is incurred in transporting—

- (a) oil first landed in the United Kingdom to a place in the United Kingdom which is not the nearest place referred to in sub-paragraph (ii) of that paragraph, or  
(b) oil first landed in another country to a place in that or any other country (other than the United Kingdom) which is not the nearest place so referred to, so much of that expenditure as does not exceed what would have been the expenditure incurred in transporting it to that nearest place shall be regarded as falling within the said paragraph (f).]

[<sup>F64</sup>(7) In any case where—

- (a) expenditure which is incurred by any person as mentioned in subsection (6) above is so incurred in connection with a long-term asset, and  
(b) the long-term asset gives rise to receipts which, for the purposes of the Oil Taxation Act 1983, are tariff receipts of that person attributable to the field for which any of that expenditure is so allowable,

then, so far as relates to that field, in making in accordance with subsection (6) above any apportionment for the purposes of either or both of subsections (1) and (5) above, the whole of the relevant expenditure shall be apportioned to one or more of the purposes mentioned in that subsection or, as the case may be, those subsections.

(8) In subsection (7) above—

- (a) “long-term asset” means an asset whose useful life continues after the end of the claim period for which a claim is first made for an allowance in respect of expenditure incurred in connection with the asset; and  
(b) “relevant expenditure” means that portion of the expenditure in connection with the asset which is reasonably attributable to the use of the asset which gives rise to the receipts referred to in subsection (7)(b) above.]

#### Textual Amendments

- F34** Words inserted by [Oil Taxation Act 1983 \(c. 56\), s. 5\(1\)\(a\)](#) with respect to expenditure incurred after 30 June 1982
- F35** Word in s. 3 substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(3\)](#)
- F36** Word in s. 3(1)(f) inserted (16.7.1992 but with effect in accordance with [s. 74\(5\)](#) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 74, Sch. 15 para. 2\(1\)\(a\)](#)
- F37** Words inserted by [Finance \(No. 2\) Act 1979 \(c. 47\), s. 20\(1\)](#) in relation to expenditure claimed after 31 December 1978

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- F38** S. 3(1)(f)(ii) and preceding word substituted (16.7.1992 but with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), s. 74, **Sch. 15 para. 2(1)(b)**
- F39** S. 3(1)(hh) inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 103(2)**(with respect to expenditure incurred on or after 19.3.1991).
- F40** S. 3(1A)-(1D) inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 103(4)(8)**.
- F41** S. 3(1)(i)(j) substituted for para. (i) by Finance Act 1991 (c. 31, SIF 63:1), **s. 103(3)**(with respect to expenditure incurred after 30.6.1991).
- F42** S. 3(1C)-(1E) substituted (11.5.2001 with effect as mentioned in s. 102(4) of the amending Act) for s. 3(1C)(1D) by 2001 c. 9, **s. 102(1)**
- F43** Words in s. 3(1C)(b) substituted (with effect in accordance with Sch. 41 para. 4 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 41 para. 1(2)**
- F44** Words in s. 3(1D) substituted (with effect in accordance with Sch. 41 para. 4 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 41 para. 1(3)**
- F45** S. 3(1DA)-(1DC) inserted (with effect in accordance with Sch. 41 para. 4 of the amending Act) by Finance Act 2009 (c. 10), **Sch. 41 para. 1(4)**
- F46** Words in s. 3(1DB)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 161(2)** (with Sch. 2)
- F47** Words in s. 3(2) repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 314(a), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F48** Words in s. 3(2) inserted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 392(a)(i)** (with Sch. 2)
- F49** Words in s. 3(2) inserted (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), **Sch. 1 para. 314(b)** (with Sch. 2 Pts. 1, 2)
- F50** Words in s. 3(2) repealed (1.4.2009) (with effect in accordance with s. 1329(1) of the amending Act) by Corporation Tax Act 2009 (c. 4), s. 1329(1), Sch. 1 para. 314(c), **Sch. 3 Pt. 1** (with Sch. 2 Pts. 1, 2)
- F51** Words in s. 3(2) inserted (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), **Sch. 1 para. 392(a)(ii)** (with Sch. 2)
- F52** Words in s. 3(2) repealed (6.4.2005) by Income Tax (Trading and Other Income) Act 2005 (c. 5), s. 883(1), Sch. 1 para. 392(a)(iii), **Sch. 3** (with Sch. 2)
- F53** Words in s. 3(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 161(3)(a)** (with Sch. 2)
- F54** Words in s. 3(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), **Sch. 1 para. 161(3)(b)** (with Sch. 2)
- F55** Words inserted by Finance Act 1983 (c. 49), **s. 37(2)** and Sch. 8 Part II para. 2
- F56** Words inserted by Finance Act 1987 (c. 16), **s. 64(2)** and Sch. 13 Part II para. 2
- F57** Words in s. 3(4)(c)(i) repealed (16.7.1992 but with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), ss. 55(3), 74, 82, Sch. 15 para. 2(2)(a), **Sch. 18 Pt. VIII**
- F58** S. 3(4)(c)(iv) added by Finance Act 1981 (c. 35), **s. 119(1)** in relation to any expenditure claimed after 31 December 1978
- F59** Words in s. 3(4)(c)(iv) substituted (16.7.1992 with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), **s. 74**, Sch. 15 para. 2(2)(b)
- F60** Word repealed by Finance Act 1984 (c. 43), **ss. 124(7), 128(6)** and Sch. 23 Part XIV
- F61** S. 3(4)(f) and preceding word substituted (with effect in accordance with s. 381(1) of the amending Act) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), **Sch. 7 para. 10** (with Sch. 9 paras. 1-9, 22)
- F62** Words inserted by Oil Taxation Act 1983 (c. 56), **s. 5** with respect to expenditure incurred after 30 June 1982
- F63** Words in s. 3(5)(a)(c) inserted (16.7.1992 with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), **s. 74**, Sch. 15 para. 2(3)
- F64** S. 3(5A)(7)(8) inserted by Oil Taxation Act 1983 (c. 56), **s. 5** with respect to expenditure incurred after 30 June 1982
- F65** S. 3(5B) inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 103(5)(8)**.
- F66** Words in s. 3(6) inserted by Finance Act 1991 (c. 31, SIF 63:1), **s. 103(6)(8)**.

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- F67** Words in s. 3(6) substituted (11.5.2001 with effect as mentioned in s. 102(4) of the amending Act) by 2001 c. 9, s. 102(2)
- F68** Words and paragraphs in s. 3(6) added (16.7.1992 with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), s. 74. Sch. 15 para. 2(4)

**Modifications etc. (not altering text)**

- C21** See Oil Taxation Act 1983 (c. 56), Sch. 1 para. 3 and Sch. 4 para. 10
- C22** See Income and Corporation Taxes Act 1988 (c. 1, SIF 63:1), s. 495
- C23** S. 3 explained by Finance Act 1991 (c. 31, SIF 63:1), s. 104(1)(2).  
S. 3 modified (3.5.1994) by 1994 c. 9, ss. 231, 234, Sch. 22 Pt. II para. 12(2)  
S. 3 restricted (27.7.1999 with application as mentioned) by 1999 c. 16, s. 95(2)(9)(10)
- C24** See Oil Taxation Act 1983 (c. 56), s. 3(6)
- C25** See Finance Act 1980 (c. 48), s. 106 and Sch. 17
- C26** See Finance Act 1980 (c. 48), s. 109 regarding fractionation expenditure incurred after 31 December 1979
- C27** S. 3(5)(c) excluded (3.5.1994) by 1994 c. 9, s. 232(4)(a)
- C28** S. 3(5)(d) excluded (3.5.1994) by 1994 c. 9, s. 232(4)(a)
- C29** S. 3(5B) explained by Finance Act 1991 (c. 31, SIF 63:1), s. 104(5)

**4 Allowance of expenditure on long-term assets.**

- (1) Subject to subsection (13) below [<sup>F69</sup>and section 1 of the Oil Taxation Act 1983], this section applies to expenditure (whether or not of a capital nature) which is incurred by a person at or before the time when he is a participator in an oil field, being expenditure incurred in acquiring, bringing into existence, or enhancing the value of an asset which is to be or is subsequently used in connection with the field and [<sup>F70</sup>which, at the end of the first relevant claim period, is or is expected to be a long-term asset as defined in section 3(8) of the Oil Taxation Act 1983]:

Provided that this section shall not apply to expenditure incurred as aforesaid in any case where the Board consider that its application to that expenditure would have only a negligible effect on the total expenditure allowable under this Part of this Act for the field and so notify the responsible person.

- (2) The following provisions of this section are subject to Schedules 4, 5 and 6 to this Act.

- (3) . . . . .<sup>F71</sup>

- (5) Subject to the following provisions of this section, a proportion of the expenditure shall be allowable under this section on a claim for the first relevant claim period, and that proportion is . . . <sup>F71</sup>the proportion which the time during which the asset has been used in [<sup>F70</sup>connection with the field] in the period between the incurring of the expenditure or the asset’s first use in [<sup>F70</sup>connection with the field] (whichever is later) and the end of the first relevant claim period bears to the time between the incurring of the expenditure and the date when the asset’s useful life is reasonably likely to end:

Provided that, where the asset was not used for any purpose in the period between the incurring of the expenditure and the asset’s first use in connection with the field, the expenditure shall for the purposes of this subsection be treated as having been incurred on the date when the asset was first used in connection with the field.

- (6) . . . . .<sup>F71</sup>

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- (7) [F70] For each claim period subsequent to the first relevant claim period and] up to and including that in which use of the asset in connection with the field permanently ceases, the proportion of the expenditure allowable under this section for the relevant period shall be computed by applying the provisions of [F70] subsection (5)] above with the omission of the words “on a claim” (wherever occurring) and the substitution of references to the relevant period for references to the first relevant claim period.

For the purposes of this subsection “the relevant period”, in relation to a claim period, means the period consisting of that claim period and each earlier claim period back to and including that in which the expenditure was incurred.

- (8) If, as computed under subsection (7) above for any claim period, the proportion of the expenditure allowable for the relevant period exceeds the amount thereof which (taking into account any previous adjustments made under the following subsection) has been allowed on claims made for earlier claim periods falling within the relevant period, the excess shall be allowable under this section on a claim for that claim period.
- (9) If, as computed under subsection (7) above for any claim period, the proportion of the expenditure allowable for the relevant period is exceeded by the amount thereof which (taking into account any previous adjustments made under this subsection) has been allowed on claims made for earlier claim periods falling within the relevant period, the total amount of expenditure allowable under this and the preceding section on a claim for the first-mentioned claim period shall be reduced by an amount equal to the excess.
- (10) Subsections (3) to (5) of section 3 of this Act shall apply for the purposes of this section as they apply for the purposes of that section; and where in accordance with subsection (9) above the total amount of the expenditure allowable under this and the preceding section on a claim for any claim period is reduced, the amount falling to be taken into account under section 2(9)(b)(ii) or (c)(ii) of this Act by reference to that expenditure shall be reduced by a proportion equal to the proportion by which the total amount of that expenditure is so reduced.
- (11) For the purposes of [F70] subsection (5) above (including that subsection as it applies] under subsection (7) above) an asset which is throughout any period of time simultaneously used partly in connection with the field and partly otherwise shall be treated as being used in connection with the field for a proportion of that period equal to the proportion which the extent of its use in the period in that connection bears to the extent of its use in the period in that connection and otherwise.
- (12) For the purposes of this section—
- (a) the asset is a brought-in asset if, between the time when it was acquired or brought into existence and its first use in connection with the field, the asset was used otherwise than in connection with the field; and
  - (b) “the first relevant claim period”—
    - (i) in the case of expenditure incurred in acquiring or bringing into existence a brought-in asset, means the claim period in which the asset was first used in connection with the field; and
    - (ii) in the case of any other expenditure, means the claim period in which the expenditure was incurred.
- (13) The preceding provisions of this section, and any other provisions in this Part of this Act as to which it is provided that this subsection applies, shall, with any necessary modifications, apply in relation to expenditure incurred by a person in acquiring an interest in an asset, or in bringing into existence an asset in which he is to have

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an interest, or in enhancing the value of an asset in which he has an interest, as the provisions in question apply in relation to expenditure incurred by a person in acquiring, bringing into existence, or enhancing the value of an asset, as the case may be.

#### Textual Amendments

- F69** Words inserted by [Oil Taxation Act 1983 \(c. 56\)](#), [s. 1](#) in relation to expenditure incurred after 30 June 1982 on non-dedicated mobile assets
- F70** Words substituted by [Oil Taxation Act 1983 \(c. 56\)](#), [s. 1](#) in relation to expenditure incurred after 30 June 1982 on non-dedicated mobile assets
- F71** S. 4(3)(4)(5)(a) “(b)” and words and (6) repealed by [Oil Taxation Act 1983 \(c. 56\)](#), [s. 1](#) in relation to expenditure incurred after 30 June 1982 on non-dedicated mobile assets

#### Modifications etc. (not altering text)

- C30** See [Oil Taxation Act 1983 \(c. 56\)](#), [ss. 1–4](#) in relation to expenditure incurred after 30 June 1982 on long-term assets and s. 13(1)(b) and Sch. 5 of that Act for transitional provisions relating to expenditure incurred in a claim period beginning before and ending after 1 July 1982 but not later than 31 December 1983
- C31** S. 4 modified (3.5.1994) by [1994 c. 9](#), [ss. 231, 234](#), [Sch. 22 Pt. II para. 12](#)  
S. 4 restricted (27.7.1999 with application as mentioned) by [1999 c. 16](#), [s. 95\(2\)\(9\)\(10\)](#)
- C32** See [Finance Act 1980 \(c. 48\)](#), [s. 106](#) and Sch. 17
- C33** See [Finance Act 1980 \(c. 48\)](#), [s. 109\(10\)](#) as regards fractionation expenditure referable to use after 31 December 1979
- C34** See [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [s. 495](#)

## 5 Allowance of abortive exploration expenditure.

(1) Subject to the following provisions of this section and Schedule 7 to this Act, the abortive exploration expenditure allowable in the case of a person who is a participator in an oil field is any expenditure (whether or not of a capital nature) incurred on or after 1st January 1960 [<sup>F72</sup>and before 16th March 1983] which—

- (a) was incurred by that person or, if that person is a company, by that company or a company associated with it in respect of the expenditure; and
- (b) was incurred wholly and exclusively for the purpose of searching for oil in the United Kingdom, the territorial sea thereof or a designated area; and
- (c) is not, and is unlikely to become, allowable under section 3 or 4 of this Act for any oil field,

but so that any expenditure to which subsection (2) below applies shall not be allowable under this section except to the extent that it falls by virtue of that subsection to be treated as incurred wholly and exclusively for the purpose mentioned in paragraph (b) above.

(2) Where any person has incurred expenditure in acquiring, bringing into existence, or enhancing the value of an asset which is subsequently used by him for the purpose mentioned in paragraph (b) of subsection (1) above, then—

- (a) subject to paragraph (b) below, if the useful life of the asset continues after the end of the twelve months beginning with the day on which he acquired the asset or brought it into existence, he shall be treated for the purposes of that subsection as having incurred wholly and exclusively for that purpose a fraction of that expenditure on each day after the expenditure was incurred on



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which the asset is used by him wholly and exclusively for that purpose, and that fraction is the fraction of which the numerator is 1 and the denominator is the number of days in the period beginning with the day on which he incurred that expenditure and ending with the day on which the asset's useful life is reasonably likely to end;

- (b) if a subsequent disposal of the asset by that person otherwise than to a person connected with him gives rise to the receipt of a sum that falls to be taken into account under subsection (6) below, being a sum not less than the price which the asset might reasonably have been expected to fetch if sold in the open market at the time of the disposal, paragraph (a) above shall apply with the substitution, for the reference to the day on which the asset's useful life is reasonably likely to end, of a reference to the day on which the disposal was made.

Section 4(13) of this Act applies to the preceding provisions of this subsection.

[<sup>F73</sup>(2A) For the purpose only of determining under paragraph (c) of subsection (1) above whether expenditure is or is likely to become allowable for any oil field, it shall be assumed that any oil field which, apart from this subsection, would be a non-taxable field is or, as the case may be, will be a taxable field and, accordingly, that section 185(4)(e) of the Finance Act 1993 (no expenditure allowable for non-taxable fields) does not apply.]

- (3) Expenditure is not allowable under this section in connection with an oil field if, or to the extent that, it has been allowed under Schedule 7 to this Act in connection with any oil field.
- (4) Subsection (4) of section 3 of this Act shall apply for the purposes of this section with the following modifications, that is to say—
  - (a) in paragraph (c) the words from “except” to the end of sub-paragraph (iii) shall be omitted;
  - (b) paragraph (d) shall be omitted;
  - (c) in paragraph (e), the reference to oil won or to be won from the field shall be read as a reference to oil won or to be won from any area whatsoever.
- (5) Paragraph 2 of Schedule 4 to this Act shall, . . . <sup>F74</sup>, apply in relation to this section as it applies in relation to sections 3 and 4 of this Act.
- (6) Where any expenditure which would otherwise be allowable under this section gives rise to the receipt of any sum (whether or not of a capital nature) by the person who incurred the expenditure or any person connected with him, that expenditure shall for the purposes of this section be reduced by an amount equal to that sum.
- (7) For the purposes of this section—
  - (a) “company” means any body corporate;
  - (b) [<sup>F75</sup>section 1122 of CTA 2010] (connected persons) shall apply; and
  - (c) a company which is a participator in an oil field is associated with another company in respect of expenditure incurred by the other company if—
    - (i) throughout that part of the relevant period in which both were in existence one was a 51 per cent. subsidiary of the other and the other was not a 51 per cent. subsidiary of any company; or
    - (ii) each of them was, throughout that part of the relevant period in which it was in existence, a 51 per cent. subsidiary of a third company which was not itself a 51 per cent. subsidiary of any company.

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- (8) For the purposes of subsection (7)(c) above—
- (a) “the relevant period” is the period beginning immediately before the expenditure was incurred and ending with the end of whichever of the following periods ends later, that is to say—
- (i) the earliest chargeable period in which the company which is a participator in the oil field in question was a participator in that field; and
- (ii) the chargeable period (for that field) in which the expenditure was incurred,
- (or, if they are the same period, with the end of that period); and
- (b) [<sup>F76</sup>Chapter 3 of Part 24 of CTA 2010] (subsidiaries) shall apply.

#### Textual Amendments

- F72** Words inserted by [Finance Act 1983 \(c. 49\)](#), [s. 37\(2\)](#) and Sch. 8 Part II para. 3
- F73** S. 5(2A) inserted (1994.05.03) by [1994 c. 9](#), [s. 237\(1\)](#)
- F74** Words repealed by [Finance Act 1980 \(c. 48\)](#), [s. 122](#) and Sch. 20 Part XIII
- F75** Words in s. 5(7)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 162\(2\)](#) (with [Sch. 2](#))
- F76** Words in s. 5(8)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), [s. 1184\(1\)](#), [Sch. 1 para. 162\(3\)](#) (with [Sch. 2](#))

#### Modifications etc. (not altering text)

- C35** See [Finance Act 1980 \(c. 48\)](#), [s. 106](#) and Sch. 17
- C36** See [Finance Act 1984 \(c. 43\)](#), [s. 113](#)
- C37** See [Oil Taxation Act 1983 \(c. 56\)](#), [s. 3\(6\)](#)
- C38** See [Finance Act 1983 \(c. 49\)](#), [s. 37\(3\)](#) and Sch. 8 Part III with respect to sums received after 15 March 1983

#### [<sup>F77</sup>5A Allowance of exploration and appraisal expenditure.

- (1) The exploration and appraisal expenditure which, subject to the provisions of this section and Schedule 7 to this Act, is allowable in the case of a person who is a participator in an oil field is any expenditure (whether or not of a capital nature) which—
- (a) is incurred after 15th March 1983 by that person or, if that person is a company, by that company or a company associated with it in respect of the expenditure; and
- [<sup>F78</sup>(aa) either is incurred before 16th March 1993 or is incurred within the period of two years beginning on that date and is expenditure to which that person or, if that person is a company, that company or a company associated with it in respect of the expenditure, is committed immediately before that date; and]
- (b) is so incurred wholly and exclusively for one or more of the purposes specified in subsection (2) below; and
- (c) at the time it is so incurred, does not relate to a field for which a development decision has previously been made.

[ For the purposes of subsection (1)(aa) above, in respect of expenditure incurred on or [<sup>F79</sup>(1A) after 16th March 1993, a person is to be regarded as committed to that expenditure immediately before that date if—

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- (a) he has an obligation under an exploration and appraisal contract entered into before that date to incur the expenditure; or
  - (b) the expenditure is incurred wholly and exclusively for the same purpose as that for which the contract referred to in paragraph (a) above was entered into and is so incurred pursuant to an obligation under an exploration and appraisal contract entered into on or after 16th March 1993 and before 16th June 1993.
- (1B) In considering whether a person has at any time such a contractual obligation as is referred to in paragraph (a) or paragraph (b) of subsection (1A) above in respect of any expenditure,
- (a) if the contract contains a power (however exercisable) by virtue of which the person concerned, or a company associated with him in respect of the expenditure, is able to bring any contractual obligations to an end, he shall not be regarded as committed to any expenditure which, if the power were to be exercised, would not be incurred; and
  - (b) if the person concerned (or a company associated with him in respect of the expenditure) has an option (however described) which was not exercised before 16th March 1993 but the exercise of which would increase his expenditure under the contract, he shall not be regarded as committed to any expenditure which would be incurred only as a result of the exercise of the option.
- (1C) For the purposes of subsection (1A) above a contract is an exploration and appraisal contract if it is a contract for the provision of any services or other business facilities or assets for any of the purposes specified in subsection (2) below.]
- (2) The purposes referred to in [<sup>F80</sup>subsections (1) to (1C)] above are—
- (a) the purpose of searching for oil in [<sup>F81</sup>the territorial sea of the United Kingdom] or a designated area;
  - (b) the purpose of ascertaining the extent or characteristics of any oil-bearing area in [<sup>F81</sup>the territorial sea of the United Kingdom] or a designated area;
  - (c) the purpose of ascertaining what are the reserves of oil of any such oil-bearing area; and
  - (d) subject to subsection (3) below, the purpose of making to the [<sup>F82</sup>OGA] any payment under or for the purpose of obtaining a licence (not being a payment by way of royalty or other periodic payment).
- [ Any reference in subsection (2) above to a designated area does not include a <sup>F83</sup>(2A) sector which, by virtue of subsection (3)(b) of section 107 of the Finance Act 1980 (transmedian fields), is deemed to be a designated area.]
- (3) Expenditure incurred for the purpose mentioned in subsection (2)(d) above is not allowable under this section unless, at the time the allowance is claimed,—
- (a) the licence to which the expenditure related has expired or has been determined or revoked; or
  - (b) part of the licensed area has been surrendered;
- and where paragraph (b) above applies only that proportion of the expenditure which corresponds to the proportion of the licensed area which has been surrendered is expenditure falling within subsection (1) above.
- (4) Subject to subsection (5) below, subsections (2) and (4) to (8) of section 5 of this Act apply for the purposes of this section as they apply for the purposes of that section.

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- (5) In the application for the purposes of this section of the provisions of section 5 of this Act referred to in subsection (4) above,—
- (a) any reference in subsection (2) of section 5 to the purpose mentioned in subsection (1)(b) of that section shall be construed as a reference to any of the purposes specified in subsection (2) of this section;
  - (b) the reference in subsection (2)(a) of section 5 to subsection (1) of that section shall be construed as a reference to subsection (1) of this section; and
  - (c) the reference in subsection (6) of section 5 to a sum received—
    - [ includes a reference to a sum received, or treated by virtue of <sup>F84</sup>(i) subsection (5A) below as received, from the disposal of oil won in the course of operations carried out for any of the purposes in paragraphs (a) to (c) of subsection (2) of this section; but
    - (ii) does not include a reference to a sum received for the assignment of any of the rights conferred by a licence or of any interest in a licensed area.]
- [ Subsection (5B) below applies in any case where—
- <sup>F85</sup>(5A) (a) oil which is won as mentioned in paragraph (c)(i) of subsection (5) above is either disposed of otherwise than in sales at arm's length or appropriated to refining or to any use except for production purposes of an oil field, and
- (b) if that oil had been disposed of in a sale at arm's length, then, by virtue of section 5(6) of this Act as applied by subsection (5) above, certain expenditure would have been reduced by reference to the receipt of a sum from that disposal.
- (5B) Where this subsection applies, the oil concerned shall be treated for the purposes of subsection (5)(c)(i) above and section 5(6) of this Act as having been disposed of for a sum equal to its market value [<sup>F86</sup>at the material time][<sup>F87</sup>determined in accordance with Schedule 3 to this Act for the disposal or appropriation mentioned] in subsection (5A)(a) above and, accordingly, for those purposes—
- (a) a sum equal to that market value shall be treated as having been received from that disposal; and
  - (b) no account shall be taken of any sum actually received from the disposal of any of that oil.
- (5C) In the application of Schedule 3 to this Act for the purpose of ascertaining the market value of oil as mentioned in subsection (5B) above,—
- <sup>F88</sup>(a) . . . . .
- (b) [<sup>F89</sup>sub-paragraph (4)] of paragraph 2 shall be omitted; and
  - (c) any reference in paragraphs 2 and 2A to oil being relevantly appropriated shall be construed as a reference to its being appropriated as mentioned in subsection (5A)(a) above<sup>F90</sup>; and
  - (d) any reference in paragraph 2 to the notional delivery day for the actual oil shall be construed as a reference to the day on which the oil is disposed of or appropriated as mentioned in subsection (5A)(a) above.]]
- (6) Expenditure is not allowable under this section in connection with an oil field if, or to the extent that, it has been allowed under Schedule 5, Schedule 6 or Schedule 7 to this Act in connection with any oil field.
- (7) For the purposes of subsection (1)(c) above, a development decision is made when—

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- (a) consent for development is granted to a licensee by the [F82OGA] in respect of the whole or part of an oil field; or
- (b) a programme of development is served on a licensee or approved by the [F82OGA] for the whole or part of an oil field;

and subsections (4) and (5) of section 36 of the Finance Act 1983 (meaning of development etc.) apply in relation to this subsection as they apply in relation to subsections (2) and (3) of that section.

- (8) If, at the time when it is incurred, expenditure relates to an area—
  - (a) which is not then an oil field, but
  - (b) in respect of which notice of a proposed determination has previously been given under paragraph 2(a) of Schedule 1 to this Act,that area shall be treated for the purposes of this section as having become an oil field at the time the notice was given unless, when the actual determination is made, the area is not included in an oil field.]

#### Textual Amendments

- F77** S. 5A added by [Finance Act 1983 \(c. 49\), s. 37\(1\)](#) and Sch. 8 Part I
- F78** S. 5A(1)(aa) inserted (27.7.1993) by [1993 c. 34, s. 188\(1\)](#)
- F79** S. 5A(1A)-(1C) inserted (27.7.1993) by [1993 c. 34, s. 188\(2\)](#)
- F80** Words in s. 5A(2) substituted (27.7.1993) by [1993 c.34 s. 188\(3\)](#)
- F81** Words substituted by [Finance Act 1985 \(c. 54\), s. 90\(2\)](#) with respect to expenditure incurred on or after 1 April 1986
- F82** Word in s. 5A substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(4\)](#)
- F83** S. 5A(2A) added by [Finance Act 1985 \(c. 54\), s. 90](#) with respect to expenditure incurred on or after 19 March 1985
- F84** S. 5A(5)(c)(i)(ii) substituted by [Finance Act 1985 \(c. 54\), s. 90](#) with respect to expenditure incurred on or after 19 March 1985
- F85** S. 5A(5A)-(5C) added by [Finance Act 1985 \(c. 54\), s. 90](#) with respect to expenditure incurred on or after 19 March 1985
- F86** Words repealed by [Finance Act 1987 \(c. 16\), ss. 62\(1\)\(b\), 72\(7\)](#) and Sch. 16 Part X for chargeable periods ending after 31 December 1986
- F87** Words in s. 5A(5B) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 3\(2\)](#)
- F88** S. 5A(5C)(a) repealed (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 3\(4\), Sch. 26 Pt. 5\(1\)](#)
- F89** Words in s. 5A(5C)(b) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 3\(5\)](#)
- F90** S. 5A(5C)(d) and preceding word inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 3\(6\)](#)

#### Modifications etc. (not altering text)

- C39** See [Finance Act 1984 \(c. 43\), s. 113](#)
- C40** Also for the purposes of [Oil Taxation Act 1983 \(c. 56\), s. 8\(3\)](#) and Sch. 1 para. 6(1)

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**[<sup>F91</sup>5B Allowance of research expenditure.**

- (1) Subject to the following provisions of this section and Schedule 7 to this Act, the research expenditure which is allowable in the case of a person who is a participator in an oil field is any expenditure (whether or not of a capital nature) which—
  - (a) is incurred by him on or after 17th March 1987; and
  - (b) at the expiry of the period of three years from the time at which it was incurred, has not become allowable under section 3 or section 4 of this Act or section 3 of the Oil Taxation Act 1983; and
  - (c) was not incurred for purposes relating to a particular oil field; and
  - (d) was not incurred wholly and exclusively for one or more of the purposes which, subject to subsection (2) below, are specified in section 5A(2) of this Act; and
  - (e) was incurred for the purpose of research of such a description that, if it had been incurred by the participator in relation to a particular field, it would have been allowable for that field under section 3 or section 4 of this Act or section 3 of the Oil Taxation Act 1983; and
  - (f) was incurred wholly or partly for United Kingdom purposes.
- (2) For the purposes only of subsection (1)(d) above, any reference in section 5A(2) of this Act to the territorial sea of the United Kingdom shall be taken to include a reference to the United Kingdom itself.
- (3) Where expenditure falling within paragraphs (a) to (e) of subsection (1) above is incurred partly for United Kingdom purposes and partly for other purposes, only such part of the expenditure as it is just and reasonable to apportion to United Kingdom purposes shall be allowable by virtue of this section.
- (4) In subsections (1)(f) and (3) above, “United Kingdom purposes” means purposes relating to the United Kingdom, the territorial sea thereof or designated areas, excluding any sector which, by virtue of subsection (3)(b) of section 107 of the Finance Act 1980 (transmedian fields), is deemed to be a designated area.
- (5) Expenditure is not allowable under this section if, or to the extent that, it has been allowed under Schedule 5, Schedule 6 or Schedule 7 to this Act for or in connection with an oil field.
- (6) To the extent that it is reasonable to assume that expenditure which, apart from this subsection, would be allowable under this section has been incurred for purposes relating to excluded oil, within the meaning of section 10(1) of this Act [<sup>F92</sup>or for purposes relating to non-taxable fields], that expenditure is not allowable under this section.
- (7) Subject to subsection (3) above, subsections (2) and (6) of section 5 of this Act apply for the purposes of this section as they apply for the purposes of that section except that—
  - (a) any reference in subsection (2) of section 5 to the purpose mentioned in subsection (1)(b) of that section shall be construed as a reference to the purpose referred to in subsection (1)(e) of this section;
  - (b) the reference in paragraph (a) of subsection (2) to subsection (1) of that section shall be construed as a reference to subsection (1) of this section; and
  - (c) where any expenditure falls to be apportioned under subsection (3) of this section, any receipt to which it gives rise shall be similarly apportioned in the application of subsection (6) of section 5.

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- (8) Paragraph 2 of Schedule 4 to this Act applies in relation to this section as it applies in relation to sections 3 and 4 of this Act.]

#### Textual Amendments

- F91** S. 5B added by [Finance Act 1987 \(c. 16\), s. 64\(1\)](#) and Sch. 13 Part I  
**F92** Words in s. 5B(6) inserted (27.7.1993) by [1993 c. 34, s. 185\(4\)\(c\)](#)

## 6 Allowance of unrelievable loss from abandoned field.

[<sup>F93</sup>(1) In the case of a participator in an oil field, an allowable unrelievable field loss is the unrelievable portion of an allowable loss falling within subsection (1B) below.

(1A) Subsection (1) above is subject to subsections (5) to (9) below and Schedule 8 to this Act [<sup>F94</sup>and [<sup>F95</sup>paragraph 6] of [<sup>F96</sup>Schedule 20B] to the Finance Act 1993].

(1B) An allowable loss falls within this subsection if—

- (a) the loss accrued in any chargeable period from another field (“the abandoned field”),
- (b) the person to whom the loss accrued is—
  - (i) the participator, or
  - (ii) if the participator is a company, a company associated with the participator in respect of the loss (see subsection (3) below),
- (c) the loss accrued to that person as a participator in the abandoned field, and
- (d) the winning of oil from the abandoned field has permanently ceased.

(1C) The “unrelievable portion” of an allowable loss falling within subsection (1B) above is so much of that loss as cannot under the provisions of section 7 of this Act be relieved against assessable profits accruing from the abandoned field to the person to whom the loss accrued.

(1D) Subsection (1C) above is subject to Schedule 32 to the Finance Act 2001 (determination of unrelievable portion where Parts 2 and 3 of Schedule 17 to the Finance Act 1980 did not apply to transfer of interest in abandoned field).]

(2) In determining for the purposes of this section whether an allowable loss has accrued as mentioned in [<sup>F97</sup>subsection (1B) above] from an oil field from which the winning of oil permanently ceased before the total amount of oil ever won and saved from it reached the amount by reference to which the critical half year is defined in section 1(4) of this Act, the first chargeable period for that field shall be taken to have been the period ending at the end of the half year in which the winning of oil from the field so ceased (including an unlimited time prior to the beginning of that half year).

In this subsection “half year” has the same meaning as in section 1 of this Act.

(3) For the purposes of this section—

- (a) “company” means any body corporate; and
- (b) a company which is a participator in an oil field is associated with another company in respect of an allowable loss which accrued to that other company in a chargeable period from another oil field if—

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- (i) throughout that part of the relevant period in which both were in existence one was a 51 per cent. subsidiary of the other and the other was not a 51 per cent. subsidiary of any company; or
- (ii) each of them was, throughout that part of the relevant period in which it was in existence, a 51 per cent. subsidiary of a third company which was not itself a 51 per cent. subsidiary of any company;

and in this section and Schedule 8 to this Act any reference to the winning of oil from an oil field permanently ceasing includes a reference to the permanent cessation of operations for the winning of oil from the field.

(4) For the purposes of subsection (3)(b) above—

- (a) the relevant period is the period beginning with the chargeable period in which the allowable loss accrued to the other company referred to in that paragraph and ending with the end of whichever of the following period ends later, that is to say—
  - (i) the earliest chargeable period in which the company which is a participator in the oil field in question was a participator in that field; and
  - (ii) the chargeable period in which the allowable loss accrued, (or, if they are the same period, with the end of that period); and
- (b) [F<sup>98</sup>Chapter 3 of Part 24 of CTA 2010] (subsidiaries) shall apply.

[F<sup>99</sup>(4A) For the purposes of this section and Schedule 8 to this Act, the winning of oil from an oil field shall not be regarded as having permanently ceased until all the oil wells in the field have been permanently abandoned.]

[F<sup>100</sup>(5) Subsections (6) to (9) below apply if—

- (a) a claim is made for the allowance of an unrelievable field loss; and
- (b) the person to whom the loss accrued made a claim or election for the allowance of any expenditure unrelated to that field; and
- (c) that claim or election was received by the Board on or after 29th November 1994; and
- (d) the whole or a part of the expenditure to which the claim or election relates is allowed and, accordingly, falls to be taken into account under section 2(8)(a) of this Act for a chargeable period (whether beginning before or after 29th November 1994).

(6) Subject to subsection (7) below, where this subsection applies, from the amount which, apart from this subsection, would be the amount of the unrelievable field loss referred to in paragraph (a) of subsection (5) above there shall be deducted an amount equal to so much of any expenditure unrelated to the field as is allowed on a claim or election as mentioned in paragraph (d) of that subsection.

(7) If—

- (a) claims are made for the allowance of more than one unrelievable field loss derived from the same abandoned field, and
- (b) the person to whom the loss accrued is the same in respect of each of the unrelievable field losses,

subsection (6) above shall have effect as if the deduction referred to in that subsection fell to be made from the aggregate amount of those losses.



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- (8) Where subsection (7) above applies, the deduction shall be set against the unrelievable field losses in the order in which the claims for the allowance of each of those losses were received by the Board.
- (9) In subsections (5) and (6) above, “expenditure unrelated to the field” means—
- (a) expenditure allowable under any of sections 5, 5A and 5B of this Act;
  - (b) expenditure allowable under this section (derived from a different abandoned field); or
  - (c) expenditure falling within section 65 of the <sup>M2</sup>Finance Act 1987 which is accepted by the Board as allowable in accordance with Schedule 14 to that Act;
- and, in relation to expenditure falling within section 65 of the <sup>M3</sup>Finance Act 1987, “election” means an election under Part I of Schedule 14 to that Act.]

#### Textual Amendments

- F93** S. 6(1)-(1D) substituted (*retrospective to 7.3.2001*) for s. 6(1)(1A) by [2001 c. 9 s. 101\(1\)\(5\)](#)
- F94** Words in s. 6(1A) inserted (21.7.2008) by [Finance Act 2008 \(c. 9\), Sch. 33 para. 2](#)
- F95** Words in s. 6(1A) substituted (*retrospective to 23.11.2016*) by [Finance \(No. 2\) Act 2017 \(c. 32\), s. 44\(2\)\(4\)](#)
- F96** Words in s. 6(1A) substituted (21.7.2009) by [Finance Act 2009 \(c. 10\), Sch. 45 para. 3\(2\)\(a\)](#)
- F97** Words in s. 6(2) substituted (*retrospective to 7.3.2001*) by [2001 c. 9, s. 101\(2\)\(5\)](#)
- F98** Words in s. 6(4)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 163](#) (with Sch. 2)
- F99** S. 6(4A) inserted (*retrospective to 1.7.2007*) by [Finance Act 2007 \(c. 11\), s. 104\(1\)\(2\)](#)
- F100** S. 6(5)-(9) inserted (1.5.1995) by [1995 c. 4, s. 146\(3\)](#) (with Sch. 8 paras. 55(2), 57(1))

#### Modifications etc. (not altering text)

- C41** S. 6(1C) excluded (*retrospective to 7.3.2001*) by [2001 c. 9, s. 101\(4\)\(5\), Sch. 32 para. 5](#)

#### Marginal Citations

- M2** [1987 c. 16.](#)
- M3** [1987 c. 16.](#)

## 7 Relief for allowable losses.

- (1) Where the Board have determined under Schedule 2 to this Act that an allowable loss has accrued to a participator in a chargeable period from an oil field, then, subject to the following provisions of this section, the assessable profit accruing to him from the field in any succeeding chargeable period shall be treated as reduced by the amount of that allowable loss, or by so much of that amount as cannot, under this subsection or on a claim (if made) under subsection (2) below, be relieved against the assessable profit accruing to him from the field in any earlier chargeable period.
- (2) Where the Board have determined under Schedule 2 to this Act that an allowable loss has accrued to a participator in a chargeable period from an oil field, the participator may make a claim requiring that the loss be in the first instance set against any assessable profit which accrued to him from the field in any preceding chargeable period; and the assessable profit which so accrued to him in any such period shall then be treated as reduced by the amount of the loss, or by so much of that amount as cannot

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be relieved under this subsection against any assessable profit accruing to him from the field in a later chargeable period.

(3) Where—

- (a) the Board have determined under Schedule 2 to this Act that an allowable loss has accrued to a participator in a chargeable period from an oil field; and
- (b) the winning of oil from that field has permanently ceased,

then so much of that allowable loss as cannot under subsection (1) or (2) above be relieved against assessable profits accruing to the participator from the field shall be relieved under this subsection by treating the assessable profit accruing to him from the field in any chargeable period as reduced by the amount of the loss, or by so much of that amount as cannot be relieved under this section against the assessable profit so accruing to him in a later chargeable period.

**Modifications etc. (not altering text)**

C42 See Finance Act 1980 (c. 48), s. 106 and Sch. 17 para. 15; Finance Act 1981 (c. 35), s. 117

C43 See Finance Act 1980 (c. 48), s. 106 and Sch. 17 paras. 14, 15

## 8 Oil allowance.

- (1) Subject to the provisions of this section and paragraphs 10 and 11 of Schedule 3 to this Act, where a participator in an oil field would, apart from this section and section 9 of this Act, be chargeable to tax for any chargeable period on an amount (“the said amount”) consisting of the assessable profit accruing to him in the period from the field or that profit as reduced under section 7 of this Act by any allowable losses, then for the purpose of determining his liability, if any, to tax for that period, the said amount shall be treated as reduced or further reduced as follows, that is to say—
  - (a) if the said amount exceeds the cash equivalent of his share of the oil allowance for the field for that period, to an amount equal to the excess; or
  - (b) if the said amount does not exceed the cash equivalent of his share of that allowance, to nil.
- (2) The oil allowance for an oil field is, for each chargeable period, [<sup>F101</sup>250,000 metric tonnes], and shall be divided between the participators in shares proportionate to their shares of the oil won and saved from the field during the period.
- (3) For the purposes of this section the cash equivalent of a participator’s share of the oil allowance for an oil field for a chargeable period is (subject to subsection (4) below) the amount given by the formula:—

$$£ \left( A \times \frac{B}{C} \right)$$

where—

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A is the gross profit accruing to him in the period or, if a gross loss (or neither a gross profit nor a gross loss) accrues to him in the period, nil (in which case the cash equivalent itself will be nil);

B is his share of the allowance, in [<sup>F101</sup>metric tonnes]; and

C is his share, exclusive of excluded oil within the meaning of section 10 of this Act, of the oil won and saved from the field during the period, in [<sup>F101</sup>metric tonnes].

- (4) If a participator in an oil field so elects by notice in writing given to the Board at the time when he makes his return under paragraph 2 of Schedule 2 to this Act for a chargeable period, then the cash equivalent of his share of the oil allowance for the field for that period shall be determined under subsection (3) above—
- [<sup>F102</sup>(a) to the extent that his share of that oil allowance does not exceed his share of the oil (other than gas) won and saved from the field in the period, as if—
- (i) in computing the gross profit or gross loss accruing to him in the period all amounts relating to gas fell to be disregarded, and
  - (ii) in the definition of C, for “the oil won and saved” there were substituted “the oil (other than gas) won and saved”; and
- (b) to the extent, if any, that his share of that oil allowance exceeds his share of the oil (other than gas) so won and saved, as if—
- (i) in computing the gross profit or gross loss so accruing all amounts relating to oil other than gas fell to be disregarded, and
  - (ii) in the definition of C, for “the oil won and saved” there were substituted “the gas won and saved”.]

(5) For the purposes of this section the amount of the oil allowance for an oil field utilised by a participator in any chargeable period is—

    - (a) if in his case a reduction is made for that period under subsection (1)(a) above, an amount in [<sup>F101</sup>metric tonnes] equal to his share of the oil allowance for the field for that period;
    - (b) if in his case a reduction is made for that period under subsection (1)(b) above, the amount in [<sup>F101</sup>metric tonnes] arrived at by multiplying his share of the oil allowance for the field for that period (in [<sup>F101</sup>metric tonnes]) by the fraction of which the numerator is the amount of that reduction and the denominator is the cash equivalent of his share of the said oil allowance;
    - (c) in any other case, nil.

(6) The total oil allowance for an oil field shall not exceed [<sup>F101</sup>5 million metric tonnes], and accordingly—

    - (a) for each chargeable period there shall be determined the aggregate of the amounts of the oil allowance for the field utilised by the participators in that period; and
    - (b) as regards the earliest chargeable period such that the sum of the aggregate determined under paragraph (a) above for that period and the aggregates so determined for each earlier chargeable period would, apart from this subsection, exceed [<sup>F101</sup>5 million metric tonnes], the necessary restriction shall be apportioned between the participators in such manner as may be notified to the Board by the responsible person or, in default of such notification, as may be determined by the Board.

In this subsection “the necessary restriction” means the restriction necessary to secure that the aggregate determined under paragraph (a) above for the chargeable period to

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which paragraph (b) above applies will, when added to the sum of the aggregates so determined for each earlier chargeable period, produce a total of [<sup>F101</sup>5 million metric tonnes].

- (7) For the purposes of this section [<sup>F101</sup>1,100 cubic metres] of oil consisting of gas at the temperature and pressure mentioned in section 1(4) of this Act shall be counted as equivalent to one [<sup>F101</sup>metric tonne] of oil other than gas.
- (8) Any reduction to be made under subsection (1) above shall be made before applying the provisions of section 9 of this Act.

#### Textual Amendments

**F101** Words substituted by Finance (No. 2) Act 1979 (c. 47), s. 21(1) in relation to chargeable periods and half years ending after 31 December 1978

**F102** S. 8(4)(a)(b) substituted (with effect in accordance with art. 15(3) of the amending S.I.) by The Enactment of Extra-Statutory Concessions Order 2009 (S.I. 2009/730), arts. 1(1), 15(2)

#### Modifications etc. (not altering text)

**C44** See Oil Taxation Act 1983 (c. 56), Sch. 4 para. 9(2)

**C45** See also Finance Act 1980 (c. 48), s. 106 and Sch. 17 para. 17

**C46** See Finance Act 1983 (c. 49), s. 36; Finance Act 1988 (c. 39, SIF 63:1,2), s. 138(1)

**C47** See Finance Act 1987 (c. 16), s. 66(5)(a)

#### [<sup>F103</sup>9] [<sup>F104</sup>Limit on amount of tax payable].

- (1) The tax payable by a participator in an oil field for any chargeable period to which this subsection applies shall not exceed 80 per cent. of the amount (if any) by which his adjusted profit for that period (as defined in this section) exceeds 15 per cent. of his accumulated capital expenditure at the end of that period (as so defined).

(1A) Subsection (1) above applies to—

- (a) any chargeable period from the first chargeable period up to and including the period which is the participator's net profit period for the field for the purposes of section 111 of the Finance Act 1981 or where section 113 of that Act applies, up to and including the earlier of the periods mentioned in subsection (2) of that section; and
- (b) any subsequent chargeable period up to such number of periods as is equal to half the number of chargeable periods [<sup>F105</sup>which are included in paragraph (a) above and in which the amount of oil won and saved from the field exceeds 1,000 metric tonnes] (counting any resulting fraction of a period as a whole period)

[<sup>F106</sup>and for the purposes of paragraph (b) above 1,100 cubic metres of gas at a temperature of 15 degrees centigrade and pressure of one atmosphere shall be counted as equivalent to one metric tonne].

- (2) The adjusted profit of a participator in an oil field for any chargeable period shall be determined as follows—
- (a) there shall be ascertained—
- (i) the assessable profit (without any reduction under section 7 or 8 of this Act) or allowable loss accruing to him in that period; and

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- (ii) the total amount taken into account under section 2(9)(b), (c), (d) [<sup>F107</sup>, (e) [<sup>F108</sup>(f) and (g)]] of this Act in computing that profit or loss, excluding expenditure so taken into account under section 2(9)(b)(i) or (c)(i) which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii);
  - (b) if there is a profit under paragraph (a)(i) above, the sum of that profit and the total ascertained under paragraph (a)(ii) above is his adjusted profit for the period;
  - (c) if there is a loss under paragraph (a)(i) above smaller than the total ascertained under paragraph (a)(ii) above, the difference is his adjusted profit for the period.
- (3) The accumulated capital expenditure of a participator in an oil field at the end of any chargeable period is the total amount of expenditure taken into account under section 2(9)(b)(i) and (c)(i) of this Act in computing the assessable profit or allowable loss accruing to him in that period and all earlier chargeable periods excluding all expenditure so taken into account which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii).

<sup>F109</sup>(4) . . . . . ]

**Textual Amendments**

- F103** S. 9 substituted by [Finance Act 1981 \(c. 35\), s. 114\(1\)](#) with effect whether the participator's net profit period ends before or after the passing of that Act
- F104** Wording amended without statutory authority to reflect the sense of the revised s. 9
- F105** Words substituted by [Finance Act 1985 \(c. 54\), s. 91\(1\)](#) with respect to any oil field in respect of which the first chargeable period ends after 30 June 1985
- F106** Words added by [Finance Act 1985 \(c. 54\), s. 91\(1\)](#) with respect to any oil field in respect of which the first chargeable period ends after 30 June 1985
- F107** Words substituted by [Finance Act 1983 \(c. 49\), s. 37\(2\)](#) and Sch. 8 Part II para. 4
- F108** Words substituted by [Finance Act 1987 \(c. 16\), s. 64\(2\)](#) and Sch. 13 Part II para. 3
- F109** S. 9(4) omitted (with effect in accordance with Sch. 45 para. 1(5) of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 45 para. 1\(3\)](#)

**Modifications etc. (not altering text)**

- C48** See [Finance Act 1980 \(c. 48\), s. 106](#) and Sch. 17 para. 18
- C49** See [Oil Taxation Act 1983 \(c. 56\), s. 7\(6\)\(b\)](#) for reduction of supplement when there are disposal receipts in any chargeable period ending after 30 June 1982
- C50** See [Finance Act 1987 \(c. 16\), ss. 64\(3\), 65\(6\)\(b\)](#), Sch. 13 para. 12(3) and Sch. 14 para. 13
- C51** See [Finance Act 1981 \(c. 35\), s. 117\(4\)](#)

**[<sup>F110</sup>9A Operating expenditure incurred while section 9 applies.**

- (1) Subsections (2) and (3) below apply where—
  - (a) operating expenditure is incurred by a participator in an oil field during a chargeable period to which section 9(1) of this Act applies (“the relevant chargeable period”);
  - (b) a claim for the allowance of the expenditure is made under Schedule 5 or 6 for the claim period which coincides with the relevant chargeable period (“the relevant claim period”); and

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- (c) the claim is made more than four months after the end of the relevant claim period.
- (2) The Board shall not allow the expenditure except to such extent (if any) as they consider necessary to secure that the participator’s overall liability to tax is no greater than it would have been if the claim had been allowed before the Board had made an assessment to tax or a determination on or in relation to the participator in respect of the field for the relevant chargeable period.
- (3) Any amounts of oil allowance which, if the claim had been allowed before the Board had made an assessment to tax or a determination on or in relation to the participator in respect of the field for the relevant chargeable period, would not have been utilised by him in that period, or any subsequent chargeable period, shall be disregarded for the purposes of section 8(6) of this Act.
- (4) Where—
- (a) the participator transfers the whole or part of his interest in the oil field to another person; and
  - (b) Parts II and III of Schedule 17 to the <sup>M4</sup>Finance Act 1980 apply to the transfer, subsections (2) and (3) above shall have effect as if references to the participator included references to that other person.
- (5) In this section—
- “acquisition”, in relation to an asset, includes acquisition of an interest in the asset;
- “capital expenditure” means expenditure on the acquisition or construction of an asset which is to be used for any of the following purposes—
- (a) for ascertaining the extent or characteristics of any oil-bearing area wholly or partly included in the field, or what the reserves of oil of any such oil-bearing area are;
  - (b) for winning oil from the field;
  - (c) for transporting oil won from the field, whether to a place in the United Kingdom or to a place in another country; or
  - (d) for the initial treatment or initial storage of oil won from the field;
- “operating expenditure” means any expenditure other than capital expenditure.
- (6) Where a claim period is a period of twelve months, this section shall have effect as if—
- (a) that period were two separate claim periods of six months each;
  - (b) any claim for that period under Schedule 5 or 6 were two separate claims, one for each of those separate periods; and
  - (c) the operating expenditure to which that claim relates were apportioned between those separate periods and those separate claims in such manner as may be just and reasonable.]

#### **Textual Amendments**

**F110** S. 9A inserted (28.7.2000 with effect in relation to expenditure incurred on or after 21.3.2000) by 2000 c. 17, s. 139(1)(2)

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#### Marginal Citations

M4 1980 c. 48.

### 10 Modification of Part I in connection with certain gas sold to British Gas Corporation.

- (1) In computing under section 2 of this Act the gross profit or loss (if any) accruing to a participator in any chargeable period from an oil field—
- any oil consisting of gas sold to the British Gas Corporation under a contract made before the end of June 1975 shall be disregarded; and
  - if at the end of that chargeable period the participator's share, exclusive of oil falling within paragraph (a) above or used for production purposes, of the total amount of oil ever won and saved from the field does not exceed 5 per cent. of his share of the total amount of oil so falling which was ever so won and saved, his share of the oil won and saved from the field but not so falling shall also be disregarded;

and in the following provisions of this section any oil which falls to be disregarded under this subsection is referred to as “excluded oil”.

- (2) Excluded oil shall be deemed not to be oil for the purposes of the following provisions of this Act, namely section 2(7) and (9), section 3 (except paragraphs (a) to (c) [F111(hh), (i) and (j) of subsection (1) and [F112]subsections (1C) and (1D)]) and section 4 (including, in the case of any expression used in any of those provisions which is defined elsewhere, its definition so far as it has effect for the purpose of that provision); and in computing under section 2 of this Act the licence debit or credit (if any) of a participator in an oil field for any chargeable period, any royalty repaid to him in the period in respect of excluded oil shall be disregarded.

- [F113](3) Subsections (3A) to (3H) below apply where, in the case of any taxable field, the oil—
- won and saved from the field, or
  - expected to be won and saved from the field,
- includes oil falling within subsection (1)(a) above.

- (3A) Any expenditure allowable under section 3 of this Act for the field by virtue of any of paragraphs (a) to (c) of section 3(1) of this Act shall be a proportion of what it would otherwise have been.
- (3B) The proportion mentioned in subsection (3A) above is that which, according to estimates submitted to the [F114]OGA after the end of June 1975 and approved by [F115]it as reasonable, the field's original reserves of oil exclusive of oil falling within subsection (1)(a) above bear to the field's original reserves of oil inclusive of oil so falling.
- (3C) Until estimates have been submitted and approved for the purpose of subsection (3B) above, the expenditure allowable for the field under section 3 of this Act by virtue of section 3(1)(a), (b) or (c) of this Act shall be deemed to be nil.
- (3D) Any expenditure allowable under section 3 of this Act for the field by virtue of section 3(1)(hh) of this Act shall be a portion of what it would otherwise have been.
- (3E) That portion is determined in accordance with the following rules—

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- (1) Identify the abandonment guarantee (within the meaning given by section 104 of the Finance Act 1991 (c. 31)) on the obtaining of which the expenditure was incurred.
  - (2) Identify the liabilities covered by the guarantee.
  - (3) Identify which of those liabilities relate to qualifying assets.
  - (4) Identify the portion of the expenditure that it is just and reasonable to apportion to the liabilities identified under rule 3.
  - (5) Identify the qualifying assets to which the liabilities identified under rule 3 relate.
  - (6) Identify the use of those qualifying assets that has been (or is expected to be) non-excluded use.
  - (7) Assume that expenditure is incurred on the provision of those qualifying assets and identify the proportion of the hypothetical expenditure that it would be just and reasonable to apportion to the use of those assets identified under rule 6.
  - (8) The portion mentioned in subsection (3D) above is then determined by multiplying—
    - (i) the portion identified under rule 4, by
    - (ii) the proportion (expressed as a fraction) identified under rule 7.
- (3F) Any expenditure allowable under section 3 of this Act for the field by virtue of section 3(1)(i) or (j) of this Act shall be a portion of what it would otherwise have been.
- (3G) That portion is determined in accordance with the following rules—
- (1) Identify the qualifying asset that is relevant to the incurring of the expenditure.
  - (2) Identify the use of that qualifying asset that has been non-excluded use.
  - (3) Assume that expenditure is incurred on the provision of that qualifying asset and identify the proportion of the hypothetical expenditure that it would be just and reasonable to apportion to the use of that asset identified under rule 2.
  - (4) The portion mentioned in subsection (3F) above is then determined by multiplying—
    - (i) the expenditure, by
    - (ii) the proportion (expressed as a fraction) identified under rule 3.
- (3H) In subsections (3E) and (3G) above—
- “non-excluded use” means—
- (a) use in connection with the winning and saving of oil, other than excluded oil, from the field, or
  - (b) use giving rise to receipts that, for the purposes of the Oil Taxation Act 1983 (c. 56), are tariff receipts attributable to a participator in the field;
- “qualifying asset” has the same meaning as it has for the purposes of the Oil Taxation Act 1983 (see section 8 of that Act).]
- (4) A return made under paragraph 2 of Schedule 2 to this Act by a participator in an oil field need not, in the case of oil falling within subsection (1)(a) above, state the price received or receivable for the oil.
  - (5) For the purposes of this section [<sup>F116</sup>1,100 cubic metres] of oil consisting of gas at the temperature and pressure mentioned in section 1(4) of this Act shall be counted as equivalent to one [<sup>F116</sup>metric tonne] of oil other than gas.



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### Textual Amendments

- F111** Words in s. 10(2) substituted by [Finance Act 1991 \(c. 31, SIF 63:1\), s. 103\(7\)\(a\)\(8\)](#).
- F112** Words in s. 10(2) substituted (11.5.2001 with effect as mentioned in [s. 102\(4\)](#) of the amending Act) by [2001 c. 9, s. 102\(3\)](#)
- F113** S. 10(3)-(3H) substituted (11.5.2001 with effect as mentioned in [s. 103\(2\)](#) of the amending Act) for s. 10(3) by [2001 c. 9, s. 103\(1\)](#)
- F114** Word in [s. 10\(3B\)](#) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(5\)\(a\)](#)
- F115** Word in [s. 10\(3B\)](#) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(5\)\(b\)](#)
- F116** Words substituted by [Finance \(No. 2\) Act 1979 \(c. 47\), s. 21\(3\)](#) deemed to have taken effect on 1 January 1979

### Modifications etc. (not altering text)

- C52** See [Finance Act 1980 \(c. 48\), s. 106](#) and Sch. 17 para. 9 relating to interests in oil fields transferred after 1 August 1980
- C53** S. 10(1)(a) modified (8.11.1995) by [1995 c. 45, s. 17\(1\), Sch. 5 Pt. I paras. 1, 11\(a\)](#)  
S. 10(1)(a) modified (retrospectively) by [1999 c. 16, s. 94\(2\)](#)
- C54** S. 10(1)(b) modified (27.7.1993) by [1993 c. 34 s. 209\(3\)](#)
- C55** See [Oil Taxation Act 1983 \(c. 56\), s. 4](#) and Sch. 1 para. 3
- C56** See [Oil Taxation Act 1983 \(c. 56\), ss. 3\(6\)](#) and 4

## 11 Application of Provisional Collection of Taxes Act 1968.

Section 1 of the <sup>M5</sup>Provisional Collection of Taxes Act 1968 shall apply to petroleum revenue tax ; and accordingly, in subsection (1) of that section after the words “income tax” there shall be inserted the words “ petroleum revenue tax ”.

### Marginal Citations

- M5** [1968 c. 2.](#)

## 12 Interpretation of Part I.

(1) In this Part of this Act—

[<sup>F117</sup>“business day” has the same meaning as in the Bills of Exchange Act 1882;]

[<sup>F118</sup>“calendar month” (where those words are used) means a month of the calendar year;]

[<sup>F117</sup>“Category 1 oil” and “Category 2 oil” have the meaning given by paragraph 2(1B) of Schedule 3 to this Act;]

“chargeable period”, in relation to an oil field, has the meaning given by section 1(3) of this Act;

“claim period”, in relation to an oil field, has the meaning given by paragraph 1 of Schedule 5 to this Act; “crude”, where the reference is to oil being disposed of or appropriated crude, refers to its being so dealt with without having been refined (whether or not it has previously undergone initial treatment); “determination”, in a context relating to an assessment or determination on or in relation to a participator, means a determination under

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Schedule 2 to this Act that a loss is allowable to him or that neither an assessable profit nor an allowable loss has accrued to him;

“initial storage”, in relation to oil won from an oil field, means the storage<sup>F119</sup> . . . of a quantity of oil won from the field not exceeding, in the case of storage in the United Kingdom [<sup>F120</sup>or another country], a quantity equal to ten times the maximum daily production rate of oil for the field as planned or achieved (whichever is the greater), but does not include—

- (a) the storing of oil as part of or in conjunction with the operation of an oil refinery; or
- (b) deballasting; or
- (c) conveying oil in a pipe-line;

“initial treatment”, in relation to oil won from an oil field, means the doing, at any place<sup>F119</sup> . . . , of any of the following things, that is to say—

- (a) subjecting oil won from the field to any process of which the sole purpose is to enable the oil to be safely stored, safely loaded into a tanker or safely accepted by an oil refinery; or
- (b) [<sup>F121</sup>separating oil so won and consisting of gas from other oil so won; or
- (c) separating oil so won and consisting of gas of a kind that is transported and sold in normal commercial practice from other oil so won and consisting of gas; or
- (d) liquifying oil so won and consisting of gas of such a kind as aforesaid for the purpose of transporting it; or
- (e) subjecting oil so won to any process of which the purpose is to secure that oil disposed of crude has the quality that is normal for oil so disposed of from the field,]

but does not include—

- (i) the storing of oil even where this involves the doing to the oil of things within [<sup>F122</sup>any of paragraphs (a) to (e) of this definition] or
- (ii) [<sup>F123</sup>any activity carried on as part of, or in association with, the refining of oil not consisting of gas or any activity the sole or main purpose of which is to achieve a chemical reaction in respect of oil consisting of gas; or]
- (iii) deballasting;

“land” includes land in the United Kingdom [<sup>F124</sup>or another country] covered with water;

“licence” means a licence under [<sup>F125</sup>Part I of the Petroleum Act 1998] or the<sup>M6</sup>Petroleum (Production) Act (Northern Ireland) 1964 authorising the winning of oil, and “licensed area” shall be construed accordingly;

“licensee” means—

- (a) the person entitled to the benefit of a licence or, where two or more persons are entitled to the benefit of a licence, each of those persons; and
- (b) a person who has rights under an agreement which is approved by the Board and is certified by the [<sup>F126</sup>—

[<sup>F127</sup>(ai) the Scottish Ministers, where the rights relate to oil in the Scottish onshore area, as defined in section 8A of the Petroleum Act 1998,]

- (i) the Welsh Ministers, where the rights relate to oil in the Welsh onshore area (as defined in section 8A of the Petroleum Act 1998), or to confer on that person rights which are the same as, or similar to, those conferred by a licence;

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- (ii) the OGA, where the rights relate to oil elsewhere,]
- to confer on that person rights which are the same as, or similar to, those conferred by a licence;
- [<sup>F128</sup>“light gases”, except in relation to an election under section 134 of the Finance Act 1982 or section 109 of the Finance Act 1986, means oil consisting of gas of which the largest component by volume over any chargeable period, measured at a temperature of 15 degrees centigrade and a pressure of one atmosphere, is methane or ethane or a combination of those gases]
- [<sup>F129</sup>“the OGA” means the Oil and Gas Authority;]
- “oil” has the meaning given by section 1(1) of this Act;
- “oil field” shall be construed in accordance with Schedule 1 to this Act [<sup>F130</sup>(which also includes provision about areas that are to be treated as continuing to be oil fields)][<sup>F131</sup>and “taxable field” and “non-taxable field” have the same meaning as in Part III of the Finance Act 1993];
- “participator” (except in paragraph 4 of Schedule 2 to this Act) means, in relation to an oil field and [<sup>F132</sup>a] chargeable period [<sup>F133</sup>(“the relevant chargeable period”)]—
- (a) a person who is or was at any time in [<sup>F134</sup>the relevant chargeable period] a licensee in respect of any licensed area then wholly or partly included in the field; and
- (aa) [<sup>F135</sup>a person who is no longer a licensee in respect of any licensed area wholly or partly included in the field, but who—
- (i) was such a licensee at any time in any chargeable period preceding the relevant chargeable period, and
- (ii) ceased to be such a licensee because of a cessation event; and]
- (b) a person who is no longer a licensee in respect of any licensed area wholly or partly included in the field [<sup>F136</sup>(and who does not fall within paragraph (aa) of this definition)], but who was such a licensee at any time in either of the two chargeable periods preceding [<sup>F134</sup>the relevant chargeable period]; and
- (c) a person who is no longer a licensee in respect of any licensed area wholly or partly included in the field (and who does not fall within paragraph [<sup>F137</sup>(aa) or] (b) of this definition), but who has or had at any time in [<sup>F134</sup>the relevant chargeable period] a share of oil won (whether or not in that period) from the field, being a share with respect to any part of which either of the following conditions is or was satisfied at that time, that is to say—
- (i) he has or had neither disposed of that part nor relevantly appropriated it; or
- (ii) he has or had disposed of, but not delivered, that part; [<sup>F138</sup>and
- (d) a former participator to whom an amount is attributed under paragraph 2A(2) of Schedule 5 in respect of a default payment made in relation to the field in the relevant chargeable period; and
- (e) a former participator to whom an amount was attributed under paragraph 2A(2) of Schedule 5 in respect of a default payment made in relation to the field in either of the two chargeable periods preceding the relevant chargeable period; and
- (f) a person who—
- (i) made a default payment in relation to the field (whether the person was then a current participator or former participator),

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- (ii) is not a participator during the relevant chargeable period under any of paragraphs (a) to (e) of this definition, and
  - (iii) receives, in the relevant chargeable period, reimbursement expenditure (within the meaning of section 108(1)(c) of the Finance Act 1991) in respect of the default payment; and
- (g) a person who—
- (i) made a default payment in relation to the field (whether the person was then a current participator or former participator),
  - (ii) is not a participator during the relevant chargeable period under any of paragraphs (a) to (f) of this definition, and
  - (iii) receives, in either of the two chargeable periods preceding the relevant chargeable period, reimbursement expenditure (within the meaning of section 108(1)(c) of the Finance Act 1991) in respect of the default payment;

<sup>F139</sup> ...]

“pipe-line” means a pipe-line as defined in section 65 of the <sup>M7</sup>Pipe-lines Act 1962;

“production purposes”, in relation to an oil field, means any of the following purposes, that is to say—

- (a) carrying on drilling or production operations within the field; or
- (b) in the case of oil won from the field that was so won from strata in the sea bed and subsoil of either the territorial sea of the United Kingdom or a designated area, pumping it to the place where it is first landed in the United Kingdom [<sup>F140</sup>or to the place in the United Kingdom [<sup>F141</sup>or another country] 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 one nearest to the place of extraction]; or

(c) the initial treatment of oil won from the field;

[<sup>F142</sup>“refining”, in relation to oil, does not include subjecting it to initial treatment and “refined” and “refinery” shall be construed accordingly;];

“relevant licence”, in relation to a participator in an oil field, means any licence held or previously held by him in respect of a licensed area wholly or partly included in the field;

“relevantly appropriated”, in relation to oil won from an oil field, means appropriated to refining or to any use except use for production purposes [<sup>F143</sup>in relation to that or any other oil field], and “relevant appropriation” shall be construed accordingly;

“the responsible person”, in relation to an oil field, has the meaning given by paragraph 4 of Schedule 2 to this Act;

“royalty”, in relation to a participator in an oil field, means royalty payable (but not, it is hereby declared, oil delivered) to the Secretary of State under any relevant licence;

“tax” or “the tax” means petroleum revenue tax.

[<sup>F144</sup>(1A) In the definition of “participator” in subsection (1)—

- (a) “cessation event”, in relation to an oil field to which a licence relates, means any of the following—
  - (i) determination of the licence by the licensee,

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- (ii) revocation of the licence by the [<sup>F145</sup>OGA][<sup>F146</sup>, the Scottish Ministers  
][<sup>F147</sup>, the Welsh Ministers] or a Northern Ireland Department,
  - (iii) expiry of the licence at the end of its term,
  - (iv) the licensed area ceasing to include any relevant area whatsoever, by reason of the licensee surrendering the licence so far as it relates to the whole of the relevant area, and
  - (v) the licence ceasing to apply to the oil field by reason of the operation of the licence;
- and for the purposes of sub-paragraph (iv) “relevant area” means an area which is, or combination of areas each of which is, included in the oil field (whether or not such an area falls partly outside the oil field);
- (b) “current participator”, “former participator” and “default payment” have the same meanings as in paragraph 2A of Schedule 5.]
- (2) In this Part of this Act any reference to the use of an asset in connection with an oil field is a reference to its use in connection with that field for one or more of the purposes mentioned in section 3(1) of this Act (excluding section 3(1)(b)).
- (3) In this Part of this Act any reference (however worded) to the doing of anything in a chargeable period in connection with an oil field or with oil won from an oil field shall, [<sup>F148</sup>as regards the first chargeable period for any oil field], be construed as including the doing of that thing in connection with the area of the field as subsequently determined under Schedule 1 to this Act or, as the case may be, with oil won from that area.
- (4) In so far as a person is a participator in an oil field by virtue of a licence under the <sup>M8</sup>Petroleum (Production) Act (Northern Ireland) 1964, references in this Part of this Act to the Secretary of State [<sup>F149</sup>or the OGA] (except references in Schedule 1) shall be construed in his case as references to the Department of Commerce for Northern Ireland.

### Textual Amendments

- F117** Words in s. 12(1) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 4\(2\)](#)
- F118** Words in s. 12(1) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 4\(3\)](#)
- F119** Words in s. 12(1) repealed (16.7.1992 with effect as mentioned in ss. 55(3), 74(5) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), ss. 55(3), 74, 82, [Sch. 15 para. 3\(a\)](#), [Sch. 18 Pt. VIII](#)
- F120** Words in s. 12(1) inserted (16.7.1992 with effect as mentioned in s. 74(5) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 74, [Sch. 15 para. 3\(b\)](#).
- F121** Paragraphs (b)–(e) substituted for paragraph (b) by [Finance Act 1980 \(c. 48\)](#), [s. 109\(2\)\(3\)](#) in relation to chargeable periods ending after 31 December 1979
- F122** Words substituted by [Finance Act 1980 \(c. 48\)](#), [s. 109\(2\)\(3\)](#) in relation to chargeable periods ending after 31 December 1979
- F123** Paragraph (ii) substituted by [Finance Act 1980 \(c. 48\)](#), [s. 109\(4\)](#) in relation to chargeable periods ending after 31 December 1979
- F124** Words in s. 12(1) inserted (16.7.1992 with effect as mentioned in s. 74(5) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 74, [Sch. 15 para. 3\(c\)](#).
- F125** Words in s. 12(1) substituted (15.2.1999) by 1998 c. 17, s. 50, [Sch. 4 para. 7\(3\)](#) (with s. 9(1)(2)); S.I. 1999/161, [art. 2\(1\)](#)

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- F126** Words in s. 12(1) substituted (1.10.2018) by [Wales Act 2017 \(c. 4\), s. 71\(4\)](#), [Sch. 6 para. 19\(2\)](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179, reg. 4\(b\)](#)
- F127** Words in s. 12(1) inserted (1.10.2018 immediately after 2017 c. 4, Sch. 6 Pt. 2 comes into force) by [The Scotland Act 2016 \(Onshore Petroleum\) \(Consequential Amendments\) Regulations 2018 \(S.I. 2018/79\)](#), [regs. 1\(3\), 8](#)
- F128** S. 12(1): definition inserted (3.5.1994) by [1994 c. 9, s. 236\(4\)](#)
- F129** Words in s. 12(1) inserted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), [regs. 1\(2\), 4\(6\)\(a\)\(ii\)](#)
- F130** Words in s. 12(1) inserted (with effect in accordance with Sch. 42 para. 8 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 6](#)
- F131** Words in definition of “oil field” in s. 12(1) added (27.7.1993) by [Finance Act 1993 c. 34, s. 185\(5\)](#)
- F132** Word in s. 12(1) substituted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(2\)\(a\)](#)
- F133** Words in s. 12(1) inserted (with effect in accordance with s. 102(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 102\(2\)](#)
- F134** Words in s. 12(1) substituted (with effect in accordance with s. 102(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 102\(3\)](#)
- F135** Words in s. 12(1) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(2\)\(b\)](#)
- F136** Words in s. 12(1) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(2\)\(c\)](#)
- F137** Words in s. 12(1) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(2\)\(d\)](#)
- F138** Words in s. 12(1) inserted (with effect in accordance with s. 102(5) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 102\(4\)](#)
- F139** Words in s. 12(1) omitted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by virtue of [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(2\)\(e\)](#)
- F140** Words inserted by [Finance \(No. 2\) Act 1979 \(c. 47\), s. 20\(1\)](#) in relation to expenditure claimed after 31 December 1978
- F141** Words in s. 12(1) inserted (16.7.1992 with effect as mentioned in [s. 74\(5\)](#) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\), s. 74, Sch. 15 para. 3\(d\)](#).
- F142** Definitions inserted by [Finance Act 1980 \(c. 48\), s. 109\(5\)](#) in relation to chargeable periods ending after 31 December 1979
- F143** Words inserted by [Finance Act 1983 \(c. 49\), s. 39](#), deemed to be effective for chargeable periods ending after 31 December 1977
- F144** S. 12(1A) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 42 para. 2\(3\)](#)
- F145** Word in s. 12(1A)(a)(ii) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), [regs. 1\(2\), 4\(6\)\(b\)](#)
- F146** Words in s. 12(1A)(a)(ii) inserted (9.2.2018) by [Scotland Act 2016 \(c. 11\), ss. 48\(19\), 72\(4\)\(c\)](#); [S.I. 2018/163, reg. 2\(b\)](#)
- F147** Words in s. 12(1A)(a)(ii) inserted (1.10.2018) by [Wales Act 2017 \(c. 4\), s. 71\(4\), Sch. 6 para. 19\(3\)](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179, reg. 4\(b\)](#)
- F148** Words repealed by [Finance Act 1982 \(c. 39\), ss. 135\(4\), 157](#) and Sch. 22 Part IX in relation to determinations made after 31 December 1981
- F149** Words in s. 12(4) inserted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), [regs. 1\(2\), 4\(6\)\(c\)](#)

#### Modifications etc. (not altering text)

- C57** S. 12 applied (6.3.1992 with effect as mentioned in [s. 289\(1\)\(2\)](#) of the amending Act) by [Taxation of Chargeable Gains Act 1992 \(c. 12\), ss. 197\(1\), 289](#) (with [ss. 60, 101\(1\), 171, 201\(3\)](#))
- C58** S. 12 applied by [1992 c. 12, s. 198E\(6\)](#) (as inserted (with effect in accordance with Sch. 40 para. 13 of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 40 para. 12](#))

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- C59** Definition of “chargeable period” employed for purposes of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [s. 500](#)
- C60** Definitions of “initial storage” and “initial treatment”: see [Oil Taxation Act 1983 \(c. 56\)](#), [Sch. 1 para. 1\(4\)](#) in relation to expenditure on associated assets used in connection with an external field.
- C61** Definitions of “initial storage”, “oil field” and “participator” applied for purposes of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [s. 502](#)
- C62** Definitions of “licence”, “licensee” and “oil” applied for purposes of [Finance Act 1988 \(c.39, SIF 63:1.2\)](#), [ss. 62-64](#).
- C63** Definition of “relevantly appropriated”: see [Oil Taxation Act 1983 \(c. 56\)](#), [Sch. 2 para. 12\(2\)\(b\)](#) in relation to oil purchased at place of extraction
- C64** Definitions of “relevant appropriation” applied for purposes of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [S. 493\(2\)](#)
- C65** S. 12(1) modified (temp.) (9.2.2018) by [The Scotland Act 2016 \(Onshore Petroleum\) \(Consequential Amendments\) Regulations 2018 \(S.I. 2018/79\)](#), [regs. 1\(2\), 3](#) (with [reg. 2](#))
- C66** The Department of Commerce for Northern Ireland to be construed as the Department of Economic Development by [S.I. 1982 No. 846 \(N.I. 11\)](#) from 6 September 1982 by [N.I. Order 1982 No. 221 \(C. 4\)](#)

#### Marginal Citations

- M6** [1964 c. 28 \(N.I.\)](#)
- M7** [1962 c. 58.](#)
- M8** [1964 c. 28 \(N.I.\)](#)

#### [<sup>F150</sup>12A Date of delivery or appropriation: shipped oil not sold at arm's length

- (1) This section has effect for the purpose of determining the date on which any oil to which it applies is to be regarded for the purposes of this Part as delivered or relevantly appropriated.
- (2) This section applies to—
  - (a) oil (not being light gases) won from a field and disposed of crude by a participator otherwise than in sales at arm's length, and
  - (b) oil (not being light gases) so won and relevantly appropriated by a participator, if the condition in subsection (3)(a) or (b) below is met.
- (3) The condition is that the oil is or has been, or is to be,—
  - (a) transported by ship from the place of extraction to a place in the United Kingdom or elsewhere, or
  - (b) transported by pipeline to a place in the United Kingdom and loaded on to a ship there.
- (4) The date on which the oil is to be taken to be delivered, or (as the case may be) relevantly appropriated, by the participator is—
  - (a) the date of completion of load, in a case where the condition in subsection (3) (a) above is met,
  - (b) the date of the bill of lading, in a case where the condition in subsection (3) (b) above is met.]

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

**Textual Amendments**

**F150** S. 12A inserted (with effect in accordance with Sch. 18 para. 5(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 5\(1\)](#)

**PART II**

**13–19** ..... **F151**

**Textual Amendments**

**F151** Part II (ss. 13–19) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [s. 844](#) and Sch. 31

**PART III**

MISCELLANEOUS AND GENERAL

**Modifications etc. (not altering text)**

**C67** Part III (s. 21) modified (27.7.1993) by [Finance Act 1993 c. 34, ss. 191\(1\)\(2\), 195\(1\)](#)  
Part III (s. 21) restricted (27.7.1993) by [Finance Act 1993 c. 34, ss. 185\(3\)\(4\)\(d\)\(e\), 195\(1\)](#)

**20** ..... **F152**

**Textual Amendments**

**F152** S. 20 repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [s. 844](#) and Sch. 31

**21 Citation, interpretation and construction.**

- (1) This Act may be cited as the Oil Taxation Act 1975.
- (2) In this Act—
  - [<sup>F153</sup>“the Board” means the Commissioners for Her Majesty’s Revenue and Customs;]
  - [<sup>F154</sup>“CTA 2010” means the Corporation Tax Act 2010;]
  - “designated area” means an area designated by Order in Council under section 1(7) of the <sup>M9</sup>Continental Shelf Act 1964;
  - <sup>F155</sup> .....
- (3) Parts II and III of this Act, so far as they relate to income tax, shall be construed as one with the Income Tax Acts and, so far as they relate to corporation tax, shall be construed as one with the Corporation Tax Acts.



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- (4) Except so far as the context otherwise requires, any reference in this Act to any enactment shall be construed as a reference to that enactment as amended, and as including a reference to that enactment as applied, by or under any other enactment, including this Act.

<sup>F156</sup>(5) .....

**Textual Amendments**

- F153** Words in s. 21(2) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 18 para. 6(2)(3)**
- F154** Words in s. 21(2) inserted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 164(a)** (with [Sch. 2](#))
- F155** Words in s. 21(2) repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 164\(b\)](#), **Sch. 3 Pt. 1** (with [Sch. 2](#))
- F156** S. 21(5) repealed (15.2.1999) by [Petroleum Act 1998 \(c. 17\)](#), ss. 50, 51, [Sch. 4 para. 7\(4\)](#), **Sch. 5 Pt. 1** (with [Sch. 3 para. 5\(1\)](#)); S.I. 1999/161, **art. 2(1)**

**Marginal Citations**

- M9** 1964 c. 29.

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## SCHEDULES

### SCHEDULE 1

Section 1.

#### DETERMINATION OF OIL FIELDS

##### Modifications etc. (not altering text)

**C68** See Finance Act 1982 (c. 39), s. 135

*[<sup>F157</sup> Areas that are oil fields ]*

##### Textual Amendments

**F157** Sch. 1 para. 1 cross-heading inserted (with effect in accordance with Sch. 42 para. 8 of the amending Act) by Finance Act 2009 (c. 10), Sch. 42 para. 7(2)

- 1 (1) For the purposes of this Part of this Act an oil field is any area which the appropriate authority may determine to be an oil field, being an area of which every part is, or is part of, a licensed area.
- (2) For the purposes of this Schedule the appropriate authority, in relation to any area—
- (a) is the [<sup>F158</sup>OGA] if the area is such that licences can be granted [<sup>F159</sup>by the OGA] for all of it under [<sup>F160</sup>Part I of the Petroleum Act 1998];
  - [<sup>F161</sup>(aa) is the Scottish Ministers if the area is such that licences can be granted by the Scottish Ministers for all of it under Part 1 of the Petroleum Act 1998;]
  - [<sup>F161</sup>(ab) is the [OGA] and the Scottish Ministers acting jointly if the area is such that licences can be granted for part of it by the [OGA] and for part of it by the Scottish Ministers;]
  - [<sup>F162</sup>(ac) is the Welsh Ministers if the area is such that licences can be granted by the Welsh Ministers for all of it under Part 1 of the Petroleum Act 1998;
  - (ad) is the OGA and the Welsh Ministers acting jointly if the area is such that licences can be granted for part of it by the OGA and for part of it by the Welsh Ministers;]
  - (b) is the Department of Commerce for Northern Ireland if the area is such that licences can be granted for all of it under the <sup>M10</sup>Petroleum (Production) Act (Northern Ireland) 1964; and
  - (c) is the [<sup>F158</sup>OGA] and that Department acting jointly if the area is such that licences can be granted for part of it under one and for part of it under the other of those Acts;

and any reference in this Schedule to the making of representations to the appropriate authority is, in a case falling within (c) above, a reference to the making of them to either the [<sup>F158</sup>OGA] or the said Department.

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#### Textual Amendments

- F158** Word in Sch. 1 para. 1(2) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), 4(7)
- F159** Words in Sch. 1 para. 1(2)(a) inserted (9.2.2018) by [Scotland Act 2016 \(c. 11\)](#), ss. 48(20)(a), 72(4)(c); [S.I. 2018/163](#), reg. 2(b)
- F160** Words in Sch. 1 para. 1(2)(a) substituted (15.2.1999) by 1998 c. 17, s. 50, [Sch. 4 para. 7\(5\)](#) (with [Sch. 3 para. 5\(1\)](#)); [S.I. 1999/161](#), art. 2(1)
- F161** Sch. 1 para. 1(2)(aa)(ab) inserted (9.2.2018) by [Scotland Act 2016 \(c. 11\)](#), ss. 48(20)(b), 72(4)(c); [S.I. 2018/163](#), reg. 2(b)
- F162** Sch. 1 para. 1(2)(ac)(ad) inserted (1.10.2018) by [Wales Act 2017 \(c. 4\)](#), s. 71(4), [Sch. 6 para. 20](#) (with [Sch. 7 paras. 1, 6](#)); [S.I. 2017/1179](#), reg. 4(b)

#### Marginal Citations

- M10** 1964 c. 28 (N.I.)

- 2 Before determining an area to be an oil field the appropriate authority—
- (a) shall give notice in writing of the proposed determination to every person who is a licensee in respect of a licensed area wholly or partly included in that area and to any other licensee whose interests appear to the authority to be affected; and
- (b) shall consider any representations in writing which a person to whom a notice under this paragraph has been given may make to the authority within sixty days of receiving the notice,
- and the determination may be made either as proposed or with such modifications as appear to the authority to be appropriate after considering any representations made to the authority in accordance with this paragraph.
- 3 A determination under this Schedule shall be in such form as the appropriate authority thinks fit and shall for purposes of identification assign to the field to which it relates a distinguishing number or other designation.
- 4 The appropriate authority shall give notice of any determination made by the authority under this Schedule to each of the persons to whom notice of the proposed determination was given.
- 5 A determination under this Schedule may from time to time be varied by a new determination thereunder made by the appropriate authority, and paragraphs 2 to 4 above shall apply to any such new determination.

*<sup>F163</sup> Areas treated as continuing to be oil fields*

#### Textual Amendments

- F163** Sch. 1 paras. 6, 7 and cross-heading inserted (with effect in accordance with Sch. 42 para. 8 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 42 para. 7\(3\)](#)

- 6 (1) This paragraph applies if an area has ceased to be—
- (a) an oil field within the meaning of paragraph 1(1), or
- (b) part of such an oil field.
- (2) The area is to be treated as continuing to be—

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- (a) the oil field, or
  - (b) the part of the oil field,
- that it actually was.
- (3) Accordingly, whilst the area is treated in accordance with sub-paragraph (2), any reference to an oil field is to include a reference to the area.
- (4) Sub-paragraph (2) ceases to apply to the area—
- (a) in accordance with sub-paragraph (5), and
  - (b) if or to the extent that it has not ceased to apply in accordance with sub-paragraph (5), in accordance with sub-paragraph (6).
- (5) Sub-paragraph (2) ceases to apply to the area if, or to the extent that, it again becomes—
- (a) an oil field within the meaning of paragraph 1(1), or
  - (b) part of such an oil field.
- (6) Sub-paragraph (2) ceases to apply to the area at the end of the second chargeable period that falls after the chargeable period in which the area is decommissioned.
- 7 (1) A relevant area is decommissioned for the purposes of paragraph 6 if all qualifying assets of the relevant area are decommissioned.
- (2) If, and to the extent that, a UK offshore decommissioning regime applies to qualifying assets of the relevant area, those assets are decommissioned if—
- (a) the Secretary of State has approved one or more abandonment programmes under the regime in relation to those assets, and
  - (b) those programmes have been carried out to the satisfaction of the Secretary of State.
- (3) If, and to the extent that, a UK offshore decommissioning regime does not apply to qualifying assets of the relevant area, those assets are decommissioned if the Board are satisfied that they have been decommissioned.
- (4) For the purposes of sub-paragraph (3) the Board must have regard to any obligations to decommission the qualifying assets which arise under the law applicable to [<sup>F164</sup>those qualifying assets] (whether the law of any part of the United Kingdom or of any other state or territory), including any obligations imposed by an authority having functions under that law in respect of such decommissioning.
- (5) If sub-paragraph (3) applies (to any extent) to any qualifying assets, the Board must give the responsible person notice of any decision the Board make under that sub-paragraph.
- (6) The responsible person may appeal against such a decision by notice in writing given to the Board within three months of the responsible person receiving the notice under sub-paragraph (5).
- (7) An appeal under sub-paragraph (6) may, before it is notified to the tribunal, be abandoned by notice in writing given to the Board by the responsible person.
- (8) The provisions of paragraphs 14A to 14I of Schedule 2 apply to appeals under sub-paragraph (6) subject to any necessary modifications.
- (9) In this paragraph—

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“qualifying assets” means assets that are qualifying assets within the meaning of OTA 1983;

“relevant area” means an area that is treated as being an oil field, or part of an oil field, under paragraph 6;

“UK offshore decommissioning regime” means—

- (a) Part 4 of the Petroleum Act 1998, and
- (b) Part 1 of the Petroleum Act 1987.]

#### Textual Amendments

**F164** Words in Sch. 1 para. 7(4) substituted (with effect in accordance with s. 61(2) of the amending Act) by Finance Act 2011 (c. 11), s. 61(1)

#### Modifications etc. (not altering text)

**C69** Sch. 1 para. 7(2)-(9) applied by 2010 c. 4, s. 350(3) (as substituted (with effect in accordance with s. 63(4) of the amending Act) by Finance Act 2011 (c. 11), s. 63(2))

## SCHEDULE 2

Section 1.

### MANAGEMENT AND COLLECTION OF PETROLEUM REVENUE TAX

#### Modifications etc. (not altering text)

**C70** See Oil Taxation Act 1983 (c. 56), Sch. 4 para. 14 for application of Sch. 2 to tax chargeable only by virtue of the provisions of s. 12 and Sch. 4 of that Act

#### *Management of tax*

- 1 (1) The tax shall be under the care and management of the Board; and the provisions of the <sup>M11</sup>Taxes Management Act 1970 specified in the first column of the following Table shall apply in relation to the tax as they apply in relation to a tax within the meaning of that Act, subject to any modifications specified in the second column of that Table and with the substitution, for references to Part IX of that Act or to the Taxes Acts, of references to this Part of this Act and, for references to chargeable periods within the meaning of that Act, of references to chargeable periods within the meaning of this Part of this Act.

#### TABLE

##### *Provisions applied*

##### *Modifications*

##### Section

1(3)

F165

...

33

F166

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	. . .
	In subsection (3), after “assessments made on” insert “ or determinations made in relation to ”.
	In subsection (5), for the words following “profits” substitute “ means assessable profits. ”
34	
36	F167
	. . .
	“ For the purposes of this section any fraud, wilful default or neglect committed at any time by a responsible person for an oil field in connection with or in relation to the tax shall be treated as having been committed on behalf of each of the participators in that field at that time. ”
[ <sup>F168</sup> 47C	— ]
F165	F165
. . .	. . .
48	
49	
F169	
...	
50(1)-(5)	F170
	. . . .
51	. . .
52	. . .
F165	
. . .	
56	F171
	. . .
F172	-
[ Section [ <sup>F173</sup> 56]	
F165	F165
. . .	. . .
F165	F165
. . .	. . .
F165	F165
. . .	. . . ]

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*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

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F165	F165
...	...
F165	F165
...	...
60	In subsection (1), omit the words following “charged therewith”.
61	In subsection (1), omit the words from “distrain upon” to “is charged or”.
62(1)	Omit “or which are payable for the year in which the seizure is made” and for “one year” and “one whole year” substitute “ two chargeable periods ”.
(2)	For “one whole year” substitute “ two chargeable periods ”.
63	
64(1)	For “one year” and “one whole year” substitute “ two chargeable periods ”.
(2)	For “one whole year” substitute “ two chargeable periods ”.
66	
67	
68	
69	In paragraph (a), substitute a reference to section 68 as applied by this paragraph for the reference to the sections there specified.
F174	F174
...	...
89(2)	For the reference to the rate or rates of interest prescribed by subsection (1) of that section substitute a reference to the rate of interest mentioned in paragraph 15 of this Schedule.
(3)	
90	
98	F175
	...
F176	
...	
F177	
Section [F178 100C]	[F179]In subsection (1) omit the words after “penalty” .

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<p>F180</p> <p>...</p> <p>F180</p> <p>...</p> <p>F180</p> <p>...</p> <p>F180</p> <p>...</p> <p>F177</p> <p>101</p> <p>102</p> <p>[<sup>F181</sup>Section103(1)]</p> <p>[<sup>F181</sup>(4)]</p> <p>104</p> <p>105</p> <p>107(1)–(3)</p> <p>108</p> <p>112</p> <p>113(1A)</p> <p>(3)</p> <p>114</p>	<p>F180</p> <p>...</p> <p>F180</p> <p>...</p> <p>For the reference to income or chargeable gains substitute a reference to assessable profits.</p> <p>[<sup>F181</sup>For the words from the beginning to “court -” substitute “ Where the amount of a penalty is to be ascertained by reference to tax payable by a person for any period , proceedings for the penalty may be commenced before the [<sup>F182</sup>tribunal] - ”]</p> <p>[<sup>F181</sup>For the words from the beginning to “court,” substitute “ Proceedings for a penalty to which subsection (1) above does not apply may be commenced before the [<sup>F182</sup>tribunal] .] ”</p> <p>In subsection (2), for the words from the beginning to “Acts” substitute “ The tax chargeable ”.</p> <p>In subsection (1), after “assessment to tax” and “the assessment” insert “ or determination ” and after “duplicate of assessment to tax” and “duplicate of assessment” insert “ or of determination ”.</p> <p>After “assessment” insert “ determination ” and after “notice of assessment” insert “ notice of determination ”.</p> <p>After “assessment” wherever occurring insert “ or determination ”.</p>
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115(1)–(3)

118(1)

(2)

- (2) Any expression to which a meaning is given in this Part of this Act which is used in a provision of the <sup>M12</sup>Taxes Management Act 1970 applied by this paragraph shall, in that provision as so applied, have the same meaning as in this Part of this Act.

#### Textual Amendments

- F165** Sch. 2 para. 1(1) Table entries omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(2)**
- F166** Sch. 2 para. 1(1) Table entry omitted (1.4.2011) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 7**
- F167** Sch. 2 para. 1(1) Table entries omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\)](#), s. 99(2), **Sch. 51 para. 18(3)**; [S.I. 2010/867](#), art. 2(2)
- F168** Entry in Sch. 2 para. 1(1) Table inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(3)**
- F169** Word in Sch. 2 para. 1(1) Table omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(4)**
- F170** Entries in Sch. 2 para. 1(1) Table (relating to ss. 50(1)–(5), 51, 52) repealed by [S.I. 1994/1813](#), reg. 2, **Sch. 1 para. 18(a)**, **Sch. 2 Pt. I**
- F171** Entry in Sch. 2 para. 1(1) Table relating to s. 56 repealed by [S.I. 1994/1813](#), reg. 2, **Sch. 1 para. 18(a)**, **Sch. 2 Pt. I**
- F172** Entries in Sch. 2 para. 1(1) Table (relating to ss. 56A–56D) inserted (16.7.1992 with effect in accordance with s. 74(5) of the amending Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), s. 76, **Sch. 16 para. 6(3)**
- F173** Word in Sch. 2 para. 1(1) Table substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(5)**
- F174** Sch. 2 para. 1(1) Table entries omitted (21.7.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), **Sch. 44 para. 2**
- F175** Entry in Sch. 2 para. 1(1) Table relating to s. 98 repealed by [S.I. 1994/1813](#), **reg. 2 Sch. 1 para. 18(c)**
- F176** Sch. 2 para. 1(1) Table entry omitted (1.4.2013) by virtue of [Finance Act 2012 \(c. 14\)](#), s. 223, **Sch. 38 para. 51** (with **Sch. 38 para. 43**); [S.I. 2013/279](#), art. 2
- F177** Entries in Sch. 2 para. 1(1) Table (relating to s. 100C) substituted (for entries relating to s. 100) by [Finance Act 1991 \(c. 31\)](#), **s. 109(1)(2)**
- F178** Word in Sch. 2 para. 1(1) Table substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(6)(a)**
- F179** Words in Sch. 2 para. 1(1) Table substituted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(6)(b)**
- F180** Sch. 2 para. 1(1) Table entries omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(7)**
- F181** Entries in Sch. 2 para. 1(1) Table (relating to s. 103) substituted by [Finance Act 1991 \(c. 31\)](#), **s. 109(1)(3)**
- F182** Words in Sch. 2 para. 1(1) Table substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 70(8)**

#### Modifications etc. (not altering text)

- C71** See also [Finance Act 1981 \(c. 35\)](#), **s. 128(1)** and [Sch. 16 para. 2](#); [Oil Taxation Act 1983 \(c. 56\)](#), **Sch. 4 para. 9(1)**

#### Marginal Citations

- M11** 1970 c. 9.  
**M12** 1970 c. 9.

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*Returns by participators*

- 2 (1) Every participator in [<sup>F183</sup>a taxable field] shall, for each chargeable period, prepare and, within two months after the end of the period [<sup>F184</sup>or within such longer period as the Board may allow], deliver to the Board a return complying with the following provisions of this paragraph; but nothing in this sub-paragraph shall require a participator to deliver a return under this paragraph before 31st August 1975.
- (2) A return under this paragraph for a chargeable period shall give the following information in relation to oil which is or was included in the participator's share of any oil won from [<sup>F183</sup>the taxable field] (whether or not in that period), that is to say—
- (a) in the case of each delivery (other than one made before 13th November 1974) in the period of oil disposed of by him crude (other than oil delivered as mentioned in (c) of this sub-paragraph), the return shall—
    - (i) state the quantity of oil delivered;
    - (ii) state the person to whom the oil was disposed of;
    - (iii) in the case of oil disposed of in a sale at arm's length, state the price received or receivable for the oil or, in the case of oil disposed of otherwise than in a sale at arm's length, state the market value of the oil [<sup>F185</sup>at the material time][<sup>F186</sup>as determined in accordance with Schedule 3 to this Act in the case of the delivery][<sup>F187</sup>or (in the case of light gases) the market value as determined in accordance with paragraph 3A of Schedule 3 to this Act]; and
    - (iv) contain such other particulars of or relating to the disposal as the Board may prescribe;
  - (b) in the case of each relevant appropriation of crude oil (other than one made before 13th November 1974) in the period (not being oil disposed of by him), the return shall—
    - (i) state the quantity of oil appropriated;
    - (ii) state the market value of the oil [<sup>F185</sup>at the material time][<sup>F188</sup>as determined in accordance with Schedule 3 to this Act in the case of the appropriation][<sup>F189</sup>or (in the case of light gases) the market value as determined in accordance with paragraph 3A of Schedule 3 to this Act]; and
    - (iii) contain such other particulars of or relating to the appropriation as the Board may prescribe;
  - (c) in the case of crude oil delivered to the [<sup>F190</sup>OGA] in the period under the terms of a licence granted under [<sup>F191</sup>Part I of the Petroleum Act 1998], the return shall state the total quantity of the oil;
  - (d) in the case of crude oil which, at the end of the period, has either not been disposed of and not relevantly appropriated or has been disposed of but not delivered, the return shall—
    - (i) state the quantity of the oil;
    - (ii) state the market value of the oil [<sup>F192</sup>on the last business day] of the period; and
    - (iii) contain such other particulars relating to the oil as the Board may prescribe.

[<sup>F193</sup>(2A) Every participator in [<sup>F183</sup>a taxable field] shall, in the first return under this paragraph which he makes for that field, state whether any and, if any, how much

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[<sup>F194</sup>expenditure to which section 5A or section 5B] of this Act applies and which relates to, or to a licence for, any part of the field has been claimed under Schedule 7 to this Act—

- (a) by him, or
- (b) by a company associated with him in respect of that expenditure, or
- (c) if he or such a company is the new participator, within the meaning of Schedule 17 to the Finance Act 1980, by the old participator, within the meaning of that Schedule, or by a company associated with him in respect of that expenditure,

and subsection (7) of section 5 of this Act applies for the purposes of this subparagraph as it applies for the purposes of that section.]

(3) A return under this paragraph for a chargeable period shall state—

- (a) the amount of royalty payable by the participator for that period in respect of his share of oil won from the field as shown in the return or returns made by him to the Secretary of State under the relevant licence or licences;
- (b) the amount of royalty paid by the participator in that period in respect of that share;
- (c) the amount of any royalty paid under any relevant licence in respect of the field which was repaid to the participator in that period; and
- (d) the amount of any periodic payment made by the participator to the [<sup>F195</sup>OGA] in that period under each relevant licence otherwise than by way of royalty.

[<sup>F196</sup>(3A) A return under this paragraph for a chargeable period shall—

- (a) state the amount (if any) which, in the case of the participator, is to be brought into account for that period in accordance with section 2(5)(e) of this Act;
- (b) contain such particulars as the Board may prescribe (whether before or after the passing of the Finance Act 1987) with respect to any nominated transaction under Schedule 10 to that Act—
  - (i) the effective volume of which forms part of the participator's aggregate effective volume (construing those terms in accordance with that Schedule) for any calendar month comprised in that chargeable period; and
  - (ii) which has not led to deliveries of oil or relevant appropriations of which particulars are included in the return by virtue of subparagraph (2) above; and
- (c) contain such other particulars as the Board may prescribe (as mentioned above) in connection with the application of section 61 of and Schedule 10 to the Finance Act 1987.]

(4) A return under this paragraph shall be in such form as the Board may prescribe and shall include a declaration that the return is correct and complete.

[<sup>F197</sup>(5) The power of the Board to allow an extension of time under subparagraph (1) above shall include power—

- (a) to allow an extension for an indefinite period; and
- (b) to provide for the period of any extension to end at such time as may be stipulated in a notice given by the Board.]

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### Textual Amendments

- F183** Words in Sch. 2 para. 2(1)(2)(2A) substituted (27.7.1993) by [1993 c.34 s. 187\(1\)](#)
- F184** Words in Sch. 2 para. 2 inserted (27.7.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by [1999 c. 16, s. 102\(1\)\(a\)\(8\)](#)
- F185** Words repealed by [Finance Act 1987 \(c. 16\), ss. 62\(1\)\(d\), 72\(7\)](#) and Sch. 16 Part X for chargeable periods ending after 31 December 1986
- F186** Words in Sch. 2 para. 2(2)(a)(iii) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 7\(2\)](#)
- F187** Words in Sch. 2 para. 2(2)(a)(iii) inserted (3.5.1994) by [1994 c. 9, s. 236\(1\), Sch. 23 para. 2](#) (with saving in [s. 236\(2\)](#))
- F188** Words in Sch. 2 para. 2(2)(b)(ii) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 7\(3\)](#)
- F189** Words in Sch. 2 para. 2(2)(b)(ii) inserted (3.5.1994) by [1994 c. 9, s. 236\(1\), Sch. 23 para. 2](#) (with saving in [s. 236\(2\)](#))
- F190** Word in [Sch. 2 para. 2\(2\)\(c\)](#) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(8\)](#)
- F191** Words in Sch. 2 para. 2(2)(c) substituted (15.2.1999) by [1998 c. 17, s. 50, Sch. 4 para. 7\(6\)](#) (with [Sch. 3 para. 5\(1\)](#)); [S.I. 1999/161, art. 2\(1\)](#)
- F192** Words in Sch. 2 para. 2(2)(d)(ii) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\), Sch. 18 para. 7\(4\)](#)
- F193** Schedule 2 para. 2(2A) inserted by [Finance Act 1983 \(c. 49\), s. 37\(2\)](#) and Sch. 8 Part II para. 5
- F194** Words substituted by [Finance Act 1987 \(c. 16\), s. 64\(2\)](#) and Sch. 13 Part II para. 4
- F195** Word in [Sch. 2 para. 2\(3\)\(d\)](#) substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\), regs. 1\(2\), 4\(8\)](#)
- F196** Schedule 2 para. 2(3A) inserted by [Finance Act 1987 \(c. 16\), s. 61\(1\)](#) and Sch. 10 para. 13
- F197** Sch. 2 para. 2(5) inserted (27.7.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by [1999 c. 16, s. 102\(1\)\(b\)\(8\)](#)

### Modifications etc. (not altering text)

- C72** See [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\), s. 1](#); [Finance Act 1981 \(c. 35\), ss. 118, 128\(1\)](#) and [Sch. 16 para. 3](#); [Finance Act 1982 \(c. 39\), s. 135\(1\)\(b\), \(3\)\(a\)](#); [Oil Taxation Act 1983 \(c. 56\), s. 10\(1\)\(2\)](#); [Finance Act 1984 \(c. 43\), s. 114\(7\)](#)
- C73** See [Oil Taxation Act 1983 \(c. 56\), s. 10\(3\)](#)

- 3 (1) If a participator fails to deliver a return within the time allowed for doing so under paragraph 2(1) above he shall be liable, subject to sub-paragraph (3) below—
- (a) to a penalty not exceeding, except in the case mentioned in sub-paragraph (2) below, £500; and
  - (b) if the failure continues after it has been declared by the court or the <sup>F198</sup>tribunal before which] proceedings for the penalty have been commenced, to a further penalty not exceeding £100 for each day on which the failure so continues.
- (2) If the failure continues after the end of six months from the time by which the return ought to have been delivered, the penalty under sub-paragraph (1)(a) above shall be an amount not exceeding the aggregate of £500 and the total amount of the tax with which the participator is charged for the chargeable period in question.
- (3) Except in the case mentioned in sub-paragraph (2) above, the participator shall not be liable to any penalty incurred under this paragraph for failure to deliver a return

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if the failure is remedied before proceedings for the recovery of the penalty are commenced.

#### Textual Amendments

**F198** Words in Sch. 2 para. 3(1)(b) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 71**

#### Modifications etc. (not altering text)

**C74** See [Finance Act 1981 \(c. 35\)](#), **s. 128(1)** and Sch. 16 para. 3; [Finance Act 1982 \(c. 39\)](#), **s. 139(6)** and Sch. 19 para. 1(5); [Oil Taxation Act 1983 \(c. 56\)](#), **s. 10(3)**

#### *Appointment of responsible person for each oil field*

- 4 (1) For each oil field a body corporate or partnership shall be appointed in accordance with this paragraph as the responsible person for that field to perform, in relation to the field, any functions conferred on it as such by this Part of this Act; and the body or partnership which for the time being holds that appointment is in this Part of this Act referred to as “the responsible person”.
- (2) No body corporate shall be eligible for appointment as the responsible person for [F199a taxable field] unless it is resident in the United Kingdom, and no partnership shall be so eligible unless all its members are resident there.
- (3) The participators in [F199a taxable field] shall, by notice in writing to the Board within the initial period, nominate a body corporate or a partnership for appointment as the responsible person for that oil field and, if the Board approve the nomination, the Board shall appoint that body or partnership as the responsible person and give it notice that it has been so appointed.
- (4) If—
- (a) the participators have made no nomination within the initial period; or
  - (b) the Board do not appoint the body or partnership nominated under subparagraph (3) above,
- the Board shall appoint one of the participators in [F199the taxable field] as the responsible person for the field and shall give notice to that participator that he has been so appointed.
- (5) For the purposes of the preceding provisions of this paragraph, the initial period is the period of thirty days beginning with the latest date on which notice of determination of [F199the taxable field] is given to any of the participators under paragraph 4 of Schedule 1 to this Act.
- (6) The Board may at any time, on the application of all the participators in [F199a taxable field], appoint a body corporate or partnership nominated by the participators as the responsible person for that field in place of the body corporate or partnership which is the responsible person at that time, and shall give the body or partnership so appointed notice that it has been so appointed.
- (7) The Board may, by notice in writing to the body corporate or partnership which is for the time being the responsible person for [F199a taxable field], revoke the appointment of that body or partnership as the responsible person for that field; and where they

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do so the Board shall appoint one of the participators in [<sup>F199</sup>the taxable field] as the responsible person for that field and shall give notice to the participator that he has been so appointed.

- (8) In this paragraph “participator”, in relation to [<sup>F199</sup>a taxable field], means a person who is a licensee in respect of any licensed area wholly or partly included in the field.

**Textual Amendments**

**F199** Words in Sch. 2 para. 4 substituted (27.7.1993) by 1993 c.34 s. 187(1)

**Modifications etc. (not altering text)**

**C75** See Oil Taxation Act 1983 (c. 56), **Sch. 4 para. 13** in relation to a foreign field

*Returns by the responsible person*

- 5 (1) The responsible person for [<sup>F200</sup>a taxable field] shall, for each chargeable period, prepare and, within one month after the end of the period [<sup>F201</sup>or within such longer period as the Board may allow], deliver to the Board a return for that period complying with sub-paragraphs (2) and (3) below; but nothing in this sub-paragraph shall require the responsible person to deliver a return under this paragraph before 31st July 1975.
- (2) A return under this paragraph for a chargeable period shall—
- (a) state the quantity of oil won and saved from [<sup>F200</sup>the taxable field] during the period;
  - (b) state the respective interests of the participators in the field in that oil;
  - (c) state what, in accordance with those interests, is each participator’s share of that oil; and
  - (d) contain such other particulars of or relating to the field as the Board may require.
- [<sup>F202</sup>(2A) The reference in sub-paragraph (2)(d) above to particulars of or relating to the field includes a reference to particulars required for determining the amount by which any qualifying tariff receipts, within the meaning of section 9 of the Oil Taxation Act 1983, are to be treated as reduced by virtue of that section.]
- [<sup>F203</sup>(2B) If in any chargeable period oil won from [<sup>F200</sup>the taxable field] is mixed as mentioned in section 63 of the Finance Act 1987 so as to give rise to blended oil, within the meaning of that section, then, as respects that chargeable period, for paragraph (a) of sub-paragraph (2) above there shall be substituted the following paragraph—
- “(a) state the total of the shares of the participators in [<sup>F200</sup>the taxable field] of the oil won from the field during the period less so much of the oil won from the field as is not saved”.]
- (3) A return under this paragraph shall be in such form as the Board may prescribe and shall include a declaration that the return is correct and complete.
- [<sup>F204</sup>(4) The power of the Board to allow an extension of time under sub-paragraph (1) above shall include power—
- (a) to allow an extension for an indefinite period; and

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- (b) to provide for the period of any extension to end at such time as may be stipulated in a notice given by the Board.]

**Textual Amendments**

- F200** Words in Sch. 2 para. 5 substituted (27.7.1993) by 1993 c.34 s. 187(1)  
**F201** Words in Sch. 2 para. 5 inserted (27.7.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(2)(a)(8)  
**F202** Schedule 2 para. 5(2A) inserted by Oil Taxation Act 1983 (c. 56), s. 10(4) with respect to chargeable periods ending after 1 December 1983  
**F203** Schedule 2 para. 5(2B) inserted by Finance (No. 2) Act 1987 (c. 51), s. 101(4) for chargeable periods ending after 1 January 1987  
**F204** Sch. 2 para. 5(4) inserted (27.7.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(2)(b)(8)

**Modifications etc. (not altering text)**

- C76** See Finance Act 1981 (c. 35), s. 128(1) and Sch. 16 para. 3; Finance Act 1982 (c. 39), s. 135(1)(b), (3) (b); Oil Taxation Act 1983 (c. 56), s. 10(5)

- 6 (1) If the responsible person fails to deliver a return within the time allowed for doing so under paragraph 5(1) above he shall be liable—
- (a) to a penalty not exceeding £500, and
- (b) if the failure continues after it has been declared by the court or [<sup>F205</sup>the tribunal before which] proceedings for the penalty have been commenced, to a further penalty not exceeding £100 for each day on which the failure so continues.
- (2) The responsible person shall not be liable to any penalty incurred under subparagraph (1) above for failure to deliver a return if the failure is remedied before proceedings for the recovery of the penalty are commenced.

**Textual Amendments**

- F205** Words in Sch. 2 para. 6(1)(b) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 72

*Production of accounts, books and other information*

F2067 . . . . .

**Textual Amendments**

- F206** Sch. 2 para. 7 repealed (27.7.1993) by 1993 c.34 s. 187(1), 213, Sch. 23 Pt.IV

*Incorrect returns, accounts, etc.*

F2078 . . . . .



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**Textual Amendments**

**F207** Sch. 2 para. 8 omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 21(a)**; [S.I. 2009/571](#), art. 2

**F208**<sup>9</sup> .....

**Textual Amendments**

**F208** Sch. 2 para. 9 omitted (1.4.2009) by virtue of [Finance Act 2008 \(c. 9\)](#), s. 122(2), **Sch. 40 para. 21(a)**; [S.I. 2009/571](#), art. 2

*Assessments to tax and determinations of loss, etc.*

- 10 (1) Where it appears to the Board that, in accordance with the provisions of this Part of this Act, an assessable profit has accrued to a participator in a chargeable period from [<sup>F209</sup>a taxable field], they shall make an assessment to tax on the participator and shall give him notice of the assessment.
- [<sup>F210</sup>(1A) An assessment under sub-paragraph (1) may be made at any time not more than 4 years after the end of the chargeable period to which it relates (subject to paragraphs 12A [<sup>F211</sup>, 12B and 13E] ).]
- (2) Where it appears to the Board that, in accordance with those provisions, an allowable loss has accrued to a participator in a chargeable period from [<sup>F209</sup>a taxable field], they shall make a determination that the loss is allowable to the participator and shall give him notice of the determination.
- (3) Where it appears to the Board that, in accordance with those provisions, neither an assessable profit nor an allowable loss has accrued to a participator in a chargeable period, they shall make a determination to that effect and shall give him notice of the determination.
- (4) A notice of assessment for a chargeable period shall state the amount of any allowable losses which, in accordance with those provisions, have been set against the assessable profit for that period.
- (5) A notice of assessment or determination shall state that the participator may appeal against the assessment or determination in accordance with paragraph 14 below.
- (6) After the service of the notice of assessment or the notice of determination the assessment or determination, as the case may be, shall not be altered except in accordance with the express provisions of this Part of this Act (including the provisions applied by paragraph 1 above).

**Textual Amendments**

**F209** Words in Sch. 2 para. 10 substituted (27.7.1993) by [1993 c.34 s. 187\(1\)](#)

**F210** Sch. 2 para. 10(1A) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\)](#), s. 99(2), **Sch. 51 para. 19**; [S.I. 2010/867](#), art. 2(2)

**F211** Words in Sch. 2 para. 10(1A) substituted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 8**



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**Modifications etc. (not altering text)**

**C77** See Finance Act 1980 (c. 48), s. 106 and Sch. 17 para. 14 where interest in oil field transferred after 1 August 1980

- 11 (1) Where a participator has under paragraph 2 above delivered to the Board a return for a chargeable period and the Board are satisfied that the information given in the return is correct in so far as it is material for the purpose of computing his assessable profit or allowable loss (if any) for that period, the Board shall (in so far as the computation falls to be made by reference to the matters dealt with in the return) make the assessment or determination under paragraph 10 above in accordance with the return.
- (2) Where the Board are not so satisfied in relation to a participator's return or a participator fails to deliver to the Board a return for a chargeable period as required by paragraph 2 above, the Board shall, in so far as the computation of his assessable profit or allowable loss (if any) for that period falls to be made by reference to the matters which were dealt with in the return or, as the case may be, ought to have been dealt with in a return, make the assessment or determination under paragraph 10 above to the best of their judgment.
- (3) Nothing in sub-paragraph (2) above or in paragraph 5 above shall be taken, in a case where the participator has delivered a return as to which the Board are not satisfied as mentioned in sub-paragraph (1) above, to prevent the Board from basing their assessment or determination on the participator's having had an interest in oil won and saved from the field different from that on which he based his return.
- 12 (1) Where it appears to the Board—
- (a) that the assessable profit charged to tax by or stated in an assessment ought to be or to have been larger or smaller; or
  - (b) that the allowable loss stated in an assessment or a determination of loss ought to be or to have been larger or smaller; or
  - (c) that, where they made a determination that neither an assessable profit nor an allowable loss accrued in a chargeable period, they ought to have made an assessment to tax or a determination of loss for that period, [<sup>F212</sup>or]
  - [<sup>F213</sup>(d) that for any chargeable period they ought to have made an assessment to tax instead of a determination of loss or a determination of loss instead of an assessment to tax];
- the Board may make such assessments or determinations or such amendments of assessments or determinations as may be necessary; and where the Board exercise any of their powers under this paragraph in relation to a chargeable period, they may make such [<sup>F214</sup>assessments or determinations or amendments of assessments or determinations] for other chargeable periods as may be necessary in consequence of the exercise of those powers [<sup>F215</sup>and “taxable field” and “non-taxable field” have the same meaning as in Part III of the Finance Act 1993].
- [<sup>F216</sup>(1A) An assessment (or an amendment of an assessment) under sub-paragraph (1) may be made at any time not more than 4 years after the end of the chargeable period to which the assessment relates (subject to sub-paragraph (1B) and paragraphs 12A and 12B).
- (1B) The time limits in sub-paragraph (1A) and paragraphs 12A and 12B do not apply to an amendment of an assessment where the amendment is made in consequence (directly or indirectly) of—

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- (a) the granting of relief under section 7(2) or (3) to any participator for allowable losses accruing in any chargeable period,<sup>F217</sup> ...
- [ a claim under paragraph 13A (see paragraph 13E), or]
- <sup>F218</sup>(aa)
- (b) a notice of variation served under paragraph 9 of Schedule 5 on any responsible person in respect of a claim for any claim period.]
- (2) Where under sub-paragraph (1) above it appears to the Board that the assessable profit for a chargeable period ought to have been larger and that the deficiency resulted from an excessive allowable loss accruing in a subsequent period having been set against the profit for that period, the Board may<sup>F219</sup> ... make a further assessment by virtue of sub-paragraph (1) above at any time not later than [<sup>F220</sup>4 years] after the end of the chargeable period in which the allowable loss accrued [<sup>F221</sup>(subject to paragraphs 12A and 12B)] .
- [<sup>F222</sup>(3) Where under this paragraph the Board make an assessment or determination or amend an assessment or determination they shall give notice thereof to the participator concerned; and sub-paragraphs (4), (5) and (6) of paragraph 10 above shall apply in relation to any such assessment, determination or amendment as they apply in relation to an assessment or determination under that paragraph.]

#### Textual Amendments

- F212** Word added by [Finance Act 1976 \(c. 40\), s. 130\(2\)](#)
- F213** Sch. 2 para. 12(1)(d) added by [Finance Act 1976 \(c. 40\), s. 130\(2\)](#)
- F214** Words substituted by [Finance Act 1976 \(c. 40\), s. 130\(2\)](#)
- F215** Definitions in s. 12(1) added (27.7.1993) by [1993 c.34 s. 185\(5\)](#)
- F216** Sch. 2 para. 12(1A)(1B) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 20\(2\); S.I. 2010/867, art. 2\(2\)](#)
- F217** Word in Sch. 2 para. 12(1B)(a) omitted (1.4.2011) by virtue of [Finance \(No. 3\) Act 2010 \(c. 33\), s. 28\(2\), Sch. 12 para. 9\(a\)](#)
- F218** Sch. 2 para. 12(1B)(aa) inserted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\), s. 28\(2\), Sch. 12 para. 9\(b\)](#)
- F219** Words in Sch. 2 para. 12(2) omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 20\(3\)\(a\); S.I. 2010/867, art. 2\(2\)](#)
- F220** Words in Sch. 2 para. 12(2) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 20\(3\)\(b\); S.I. 2010/867, art. 2\(2\)](#)
- F221** Words in Sch. 2 para. 12(2) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 20\(3\)\(c\); S.I. 2010/867, art. 2\(2\)](#)
- F222** Sch. 2 para. 12(3) added by [Finance Act 1976 \(c. 40\), s. 130\(3\)\(4\)](#)

#### Modifications etc. (not altering text)

- C78** See [Oil Taxation Act 1983 \(c. 56\), Sch. 5 para. 5\(3\)](#) in relation to transitional provisions introduced by s. 13 and Sch. 5 of that Act

[<sup>F223</sup>12(A) Where—

- (a) the Board has extended the period for the delivery of any return that is required under paragraph 2 of this Schedule to be delivered for any chargeable period, and
- (b) the relevant time falls more than one year after the end of the chargeable period,

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the period within which the Board may make an assessment under this Schedule for that chargeable period shall not expire before the end of the period of [<sup>F224</sup>4 years] beginning with the relevant time.

- (2) In this paragraph “the relevant time” means the earlier of—
- (a) the time which, as a result of the extension, is the latest time for the delivery of the return; and
  - (b) the time when the return is delivered.]

#### Textual Amendments

**F223** Sch. 2 para. 12A inserted (27.7.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(3)(8)

**F224** Words in Sch. 2 para. 12A(1) substituted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 21; S.I. 2010/867, art. 2(2)

[<sup>F225</sup>12~~B~~) In a case involving a relevant situation brought about carelessly by a participator (or a person acting on behalf of a participator), an assessment (or an amendment of an assessment) under this Schedule on the participator may be made at any time not more than 6 years after the end of the relevant chargeable period (subject to sub-paragraph (2) [<sup>F226</sup>and (2A)] ).

- (2) In a case involving a relevant situation brought about deliberately by a participator (or a person acting on behalf of a participator), an assessment (or an amendment of an assessment) on the participator may be made at any time not more than 20 years after the end of the relevant chargeable period.

[ In a case involving a relevant situation brought about by arrangements which were <sup>F227</sup>(2A) expected to give rise to a tax advantage in respect of which a participator (or a person acting on behalf of a participator) was under an obligation to notify the Board under section 253 of the Finance Act 2014 (duty to notify Commissioners of promoter reference number) but failed to do so, an assessment (or an amendment of an assessment) on the participator may be made at any time not more than 20 years after the end of the relevant chargeable period.]

- (3) “Relevant situation” means a situation in which—
- (a) there is a loss of tax,
  - (b) the assessable profit charged to tax by or stated in an assessment for a chargeable period ought to be or to have been larger,
  - (c) the allowable loss stated in an assessment or a determination of loss for a chargeable period ought to be or to have been smaller, or
  - (d) an assessment to tax should have been made for a chargeable period but was not made.
- (4) “Relevant chargeable period” means—
- (a) in the case of a further assessment under paragraph 12(2), the chargeable period in which the excessive allowable loss accrued, and
  - (b) in any other case, the chargeable period to which the assessment relates.
- (5) Where the participator carried on a trade or business with one or more other persons at any time in the chargeable period for which the assessment under sub-paragraph (1)

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[<sup>F228</sup>, (2) or (2A)] is made, an assessment to tax in respect of the profits of that trade or business may also be made on any of the participator's partners.

- (6) In determining the amount of the tax to be charged on a person for a chargeable period in an assessment in a case mentioned in sub-paragraph (1) [<sup>F229</sup>, (2) or (2A)] (including an assessment under sub-paragraph (5)), effect must be given to any relief or allowance to which that person would have been entitled for that period if a valid claim or application had been made.
- (7) Sub-paragraph (6) only applies if the person on whom the assessment is made so requires.
- (8) Subsections (5) to (7) of section 118 of the Taxes Management Act 1970 (losses and situations brought about carelessly or deliberately) apply for the purposes of this paragraph as they apply for the purposes of that Act.
- (9) In subsection (6)(b) of that section (as it applies for the purposes of this paragraph), the reference to the person who provides the information has effect as if it included any person who becomes the responsible person for the oil field after the information is provided.]

#### Textual Amendments

- F225** Sch. 2 para. 12B inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\)](#), **Sch. 51 para. 22**; [S.I. 2010/867, art. 2\(2\)](#)
- F226** Words in [Sch. 2 para. 12B\(1\)](#) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 277\(2\)\(a\)](#) (with ss. 269-271)
- F227** [Sch. 2 para. 12B\(2A\)](#) inserted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 277\(2\)\(b\)](#) (with ss. 269-271)
- F228** Words in [Sch. 2 para. 12B\(5\)](#) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 277\(2\)\(c\)](#) (with ss. 269-271)
- F229** Words in [Sch. 2 para. 12B\(6\)](#) substituted (17.7.2014) by [Finance Act 2014 \(c. 26\), s. 277\(2\)\(d\)](#) (with ss. 269-271)

#### *Payment of tax*

- 13 Subject to paragraph 14 below, the tax charged in an assessment made on a participator for any chargeable period [<sup>F230</sup>and payable shall be due within six months] after the end of that chargeable period or, if later, thirty days after the date of issue of the notice of assessment; but no tax shall be payable by virtue of this paragraph before 30th April 1976.

#### Textual Amendments

- F230** Words substituted by [Finance Act 1982 \(c. 39\), s. 139\(6\)](#) and Sch. 19 para. 19 with respect to chargeable periods ending on or after 30 June 1983

#### Modifications etc. (not altering text)

- C79** See [Finance Act 1982 \(c. 39\), s. 135\(1\)\(b\)](#)
- C80** See [Finance Act 1982 \(c. 39\), s. 142\(5\)](#)

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*[<sup>F231</sup> Claim for relief for overpaid tax etc*

**Textual Amendments**

**F231** Sch. 2 paras. 13A-13F and cross-headings inserted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), [Sch. 12 para. 10](#)

- 13A (1) This paragraph applies where—
- (a) a participator has paid an amount by way of tax but believes that the tax was not due, or
  - (b) a participator has been assessed as liable to pay an amount by way of tax but believes that the tax is not due.
- (2) The participator may make a claim to the Commissioners for Her Majesty's Revenue and Customs (“HMRC”) for repayment or discharge of the amount.
- (3) Paragraph 13B makes provision about cases in which HMRC are not liable to give effect to a claim under this paragraph.
- (4) Paragraphs 13C to 14I make further provision about making and giving effect to claims under this paragraph.
- (5) Paragraph 13F makes provision about the application of this paragraph and paragraphs 13B to 13E to amounts paid under contract settlements.
- (6) HMRC are not liable to give relief in respect of a case described in sub-paragraph (1) (a) or (b) except as provided—
- (a) by this Schedule (following a claim under this paragraph), or
  - (b) by or under another provision of the Oil Taxation Acts.
- (7) For the purposes of this paragraph and paragraphs 13B to 13F, an amount paid by one person on behalf of another is treated as paid by the other person.
- (8) In this paragraph and paragraphs 13B to 13F, “the Oil Taxation Acts” means—
- (a) Parts 1 and 3 of this Act,
  - (b) the Oil Taxation Act 1983, and
  - (c) any other enactment relating to petroleum revenue tax.

*Cases in which HMRC not liable to give effect to a claim*

- 13B (1) HMRC are not liable to give effect to a claim under paragraph 13A if or to the extent that the claim falls within a case described in this paragraph.
- (2) Case A is where the amount paid, or liable to be paid, is excessive by reason of—
- (a) a mistake in a claim, election or notice or a nomination under Schedule 10 to FA 1987, or
  - (b) a mistake consisting of making or giving, or failing to make or give, a claim, election or notice or a nomination under Schedule 10 to FA 1987.
- (3) Case B is where the participator—
- (a) has or could have sought relief by making a claim for expenditure to be allowed under section 3 or 4 (allowance of expenditure), or
  - (b) is or will be able to seek relief by taking other steps under the Oil Taxation Acts.

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- (4) Case C is where the participator—
- (a) could have sought relief by taking such steps within a period that has now expired, and
  - (b) knew, or ought reasonably to have known, before the end of that period that such relief was available.
- (5) Case D is where the claim is made on grounds that—
- (a) have been put to a court or tribunal in the course of an appeal by the participator relating to the amount paid or liable to be paid, or
  - (b) have been put to HMRC in the course of an appeal by the participator relating to that amount that is treated as having been determined by a tribunal (by virtue of paragraph 14(9) (settling of appeals by agreement)).
- (6) Case E is where the participator knew, or ought reasonably to have known, of the grounds for the claim before the latest of the following—
- (a) the date on which an appeal by the participator relating to the amount paid, or liable to be paid, in the course of which the ground could have been put forward (a “relevant appeal”) was determined by a court or tribunal (or is treated as having been so determined),
  - (b) the date on which the participator withdrew a relevant appeal to a court or tribunal, and
  - (c) the end of the period in which the participator was entitled to make a relevant appeal to a court or tribunal.
- (7) Case F is where the amount in question was paid or is liable to be paid—
- (a) in consequence of proceedings enforcing the payment of that amount brought against the participator by HMRC, or
  - (b) in accordance with an agreement between the participator and HMRC settling such proceedings.
- (8) Case G is where—
- (a) the amount paid, or liable to be paid, is excessive by reason of a mistake in calculating the participator's liability to tax, and
  - (b) liability was calculated in accordance with the practice generally prevailing at the time.
- [ Case G does not apply where the amount paid, or liable to be paid, is tax which has<sup>F232</sup>(9) been charged contrary to EU law.
- (10) For the purposes of sub-paragraph (9), an amount of tax is charged contrary to EU law if, in the circumstances in question, the charge to tax is contrary to—
- (a) the provisions relating to the free movement of goods, persons, services and capital in Titles II and IV of Part 3 of the Treaty on the Functioning of the European Union, or
  - (b) the provisions of any subsequent treaty replacing the provisions mentioned in paragraph (a).]

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**Textual Amendments**

**F232** Sch. 2 para. 13B(9)(10) inserted (with effect in accordance with s. 231(5) of the amending Act) by Finance Act 2013 (c. 29), s. 231(2)

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### *Making a claim*

- 13C (1) A claim under paragraph 13A may not be made more than 4 years after the end of the relevant chargeable period.
- (2) In relation to a claim made in reliance on paragraph 13A(1)(a), the relevant chargeable period is—
- (a) where the amount paid, or liable to be paid, is excessive by reason of a mistake in a return or returns under paragraph 2 or 5, the chargeable period to which the return (or, if more than one, the first return) relates, and
  - (b) otherwise, the chargeable period in respect of which the amount was paid.
- (3) In relation to a claim made in reliance on paragraph 13A(1)(b), the relevant chargeable period is [<sup>F233</sup>—
- (a) where the amount liable to be paid is excessive by reason of a mistake in a return or returns under paragraph 2 or 5, the chargeable period to which the return (or, if more than one, the first return) relates, and
  - (b) otherwise,] the chargeable period to which the assessment relates.
- (4) A claim under paragraph 13A must be in such form as the HMRC may prescribe.

#### **Textual Amendments**

**F233** Words in Sch. 2 para. 13C(3) inserted (with effect in accordance with s. 232(4) of the amending Act) by [Finance Act 2013 \(c. 29\), s. 232\(2\)](#)

### *Decision on claim*

- 13D HMRC must—
- (a) make a decision on the claim, and
  - (b) by notice inform the participator of their decision.

### *Assessment of claimant in connection with claim*

- 13E (1) This paragraph applies where—
- (a) a claim is made under paragraph 13A,
  - (b) the grounds for giving effect to the claim also provide grounds for making an assessment or determination under paragraph 10 or 12, or an amendment of such an assessment or determination, on the participator in respect of any accounting period, and
  - (c) such an assessment, determination or amendment could be made but for the expiry of a time limit in paragraph 10(1A), 12(1A), 12A or 12B.
- (2) Where this paragraph applies—
- (a) the time limit does not apply, and
  - (b) the assessment, determination or amendment is not out of time if it is made before the final determination of the claim.
- (3) A claim is not finally determined until it, or the amount to which it relates, can no longer be varied (whether on appeal or otherwise).



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### *Contract settlements*

- 13F (1) In paragraph 13A(1)(a) the reference to an amount paid by a participator by way of tax includes an amount paid by a person under a contract settlement in connection with tax believed to be due.
- (2) Sub-paragraphs (3) to (6) apply if the person who paid the amount under the contract settlement (“the payer”) and the person from whom the tax was due (“the taxpayer”) are not the same person.
- (3) In relation to a claim under paragraph 13A in respect of that amount—
- (a) the references to the participator in paragraph 13B(5) to (7) (Cases D, E and F) have effect as if they included the taxpayer,
  - (b) the reference to the participator in paragraph 13B(8) (Case G) has effect as if it were a reference to the taxpayer, and
  - (c) the reference to the participator in paragraph 13E(1)(b) has effect as if it were a reference to the taxpayer.
- (4) Sub-paragraph (5) applies where the grounds for giving effect to a claim by the payer in respect of the amount also provide grounds for making an assessment or determination under paragraph 10 or 12, or an amendment of such an assessment or determination, on the taxpayer in respect of any chargeable period.
- (5) HMRC may set any amount repayable to the payer by virtue of the claim against any amount payable by the taxpayer by virtue of the assessment, determination or amendment.
- (6) The obligations of HMRC and the taxpayer are discharged to the extent of any set-off under sub-paragraph (5).
- (7) “Contract settlement” means an agreement made in connection with any person's liability to make a payment to HMRC under or by virtue of an enactment.]

### *Appeals*

- 14 (1) A participator may appeal <sup>F234</sup>... against an assessment or determination [<sup>F235</sup>or an amendment of an assessment or determination] made on or in relation to him by notice of appeal in writing given to [<sup>F236</sup>HMRC] within thirty days after the date of issue of the notice of assessment or determination [<sup>F235</sup>or of the notice of the amendment].
- [<sup>F237</sup>(1A) A participator who has made a claim under paragraph 13A may appeal from the decision on the claim by notice in writing given to HMRC within 30 days after the date of issue of the notice of the decision.]
- [<sup>F238</sup>(2) The notice of appeal must specify the grounds of appeal.]
- (3) A participator who has given notice of appeal under sub-paragraph (1) above against an assessment charging him with any tax for a chargeable period may, if he delivered a return for that period as required by paragraph 2 above, withhold, until the determination or abandonment of the appeal, so much of the tax charged in the assessment as is the smaller of—
- (a) the amount of the tax so charged; and
  - (b) tax on the difference between—



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- (i) the aggregate of the consideration received or receivable for oil as stated in the participator's return in pursuance of sub-paragraph (2) of that paragraph and, subject to sub-paragraph (4) below, the market value of oil as so stated; and
  - (ii) the aggregate of the corresponding consideration and value as included in the assessment.
- (4) Subject to sub-paragraph (5) below, where the market value of all the oil for which a market value is stated in the participator's return is, as stated in that return, less than the value which is produced for that oil by applying to it the average price mentioned in sub-paragraph (6) below, sub-paragraph (3) above shall have effect as if, for the reference to the market value of oil as so stated, there were substituted a reference to the value which is so produced for that oil.
- (5) The comparison of values and the substitution required by sub-paragraph (4) above shall, in the case of an appeal by a participator whose return relates both to gas and to other oil, be made separately for the gas and for the other oil.
- (6) The average price referred to in sub-paragraph (4) above is the average price at which all oil included in the relevant returns as oil delivered in the period covered by the returns and disposed of in sales at arm's length was so disposed of.
- (7) The relevant returns for the purposes of sub-paragraph (6) above are all the returns of all the participators in all oil fields which—
  - (a) were made for the chargeable period preceding that to which the appeal relates; and
  - (b) were delivered before the end of the chargeable period to which the appeal relates.
- (8) The participator may at any time, if <sup>F239</sup>HMRC do not object to his doing so, abandon an appeal instituted by him; and for this purpose he shall notify his desire to do so to <sup>F239</sup>HMRC who may, within thirty days after being so notified, object by notice in writing to the participator.
- (9) Where, at any time between—
  - (a) the giving of a notice of appeal against the assessment <sup>F240</sup>determination or amendment] or from a decision of <sup>F241</sup>HMRC] on a claim under <sup>F242</sup>paragraph 13A] , and
  - (b) the determination of the appeal by the <sup>F243</sup>tribunal],  
<sup>F241</sup>HMRC] and the participator agree <sup>F240</sup>on how the assessment, determination, amendment or decision should be varied or on what assessment or determination should be substituted in relation to the chargeable period in question, the same consequences shall ensue as if the <sup>F244</sup>tribunal] had determined the appeal to that effect].
- <sup>F245</sup>(10) If <sup>F246</sup>[<sup>F247</sup>an appeal under sub-paragraph (1)] is notified to the tribunal and] it appears to <sup>F248</sup>the tribunal] that the assessment, determination or amendment is wrong—
  - (a) because no, or a smaller, assessable profit or a, or a larger, allowable loss has accrued for the chargeable period in question; or
  - (b) because a, or a larger, assessable profit or no, or a smaller, allowable loss has accrued for that period,

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the [<sup>F249</sup>tribunal] shall vary the assessment, determination or amendment in such manner, or substitute such assessment or determination, as may be required; and it shall be for the participator to satisfy the [<sup>F249</sup>tribunal] as to any matter within paragraph (a) above.]

[<sup>F250</sup>(10A) If an appeal under sub-paragraph (1A) is notified to the tribunal and it appears to the tribunal that the decision is wrong, the tribunal shall substitute such decision as may be required.]

[<sup>F251</sup>(11) When an appeal is notified to the tribunal, the decision of the tribunal on the appeal is final and conclusive.

(12) But sub-paragraph (11) is subject to—

- (a) sections 9 to 14 of the Tribunals, Courts and Enforcement Act 2007,
- (b) Tribunal Procedure Rules, and
- (c) any provision of this Schedule.]

#### Textual Amendments

- F234** Words in Sch. 2 para. 14(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(2)(a)**
- F235** Words inserted by [Finance Act 1976 \(c. 40\)](#), s. 130(3)(4)
- F236** Word in Sch. 2 para. 14(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(2)(b)**
- F237** Sch. 2 para. 14(1A) inserted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 11(2)**
- F238** Sch. 2 para. 14(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(3)**
- F239** Words in Sch. 2 para. 14(8) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(4)**
- F240** Words substituted by [Finance Act 1976 \(c. 40\)](#), s. 130(5)
- F241** Words in Sch. 2 para. 14(9) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(5)(a)**
- F242** Words in Sch. 2 para. 14(9) substituted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 11(3)**
- F243** Word in Sch. 2 para. 14(9) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(5)(b)**
- F244** Word in Sch. 2 para. 14(9) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(5)(c)**
- F245** Sch. 2 para. 14(10) substituted by [Finance Act 1976 \(c. 40\)](#), s. 130(6)
- F246** Words in Sch. 2 para. 14(10) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(6)(a)**
- F247** Words in Sch. 2 para. 14(10) substituted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 11(4)**
- F248** Words in Sch. 2 para. 14(10) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(6)(b)**
- F249** Word in Sch. 2 para. 14(10) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 74(6)(c)**
- F250** Sch. 2 para. 14(10A) inserted (1.4.2011) by [Finance \(No. 3\) Act 2010 \(c. 33\)](#), s. 28(2), **Sch. 12 para. 11(5)**
- F251** Sch. 2 para. 14(11)(12) substituted for Sch. 2 para. 14(11) (1.4.2009) by [The Revenue and Customs Appeals Order 2009 \(S.I. 2009/777\)](#), arts. 1, 2

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#### Modifications etc. (not altering text)

- C81** See Finance Act 1982 (c. 39), s. 142(5)  
**C82** See Finance Act 1982 (c. 39), Sch. 19 para. 7(2)  
**C83** Sch. 2 para. 14(2)(8)(11) applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 211(5))  
**C84** Sch. 2 para. 14(2)(8)(11) applied (with modifications) by Finance Act 1987 (c. 16), s. 66(8) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 129(4))  
**C85** Sch. 2 para. 14(2)(8)(11) applied (with modifications) by Finance Act 1987 (c. 16), Sch. 12 para. 3(2)(d) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 130(5))  
**C86** See also Petroleum Revenue Tax Act 1980 (c. 1, SIF 63:1), s. 1(5) in relation to chargeable periods ending on or after 31 December 1979

*[<sup>F252</sup> Appeal: HMRC review or determination by tribunal*

#### Textual Amendments

- F252** Sch. 2 paras. 14A-14I and cross-headings inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 75

- 14A (1) This paragraph applies if notice of appeal has been given to HMRC.
- (2) In such a case—
- the participator may notify HMRC that the participator requires HMRC to review the matter in question (see paragraph 14B),
  - HMRC may notify the participator of an offer to review the matter in question (see paragraph 14C), or
  - the participator may notify the appeal to the tribunal (see paragraph 14D).
- (3) See paragraphs 14G and 14H for provision about notifying appeals to the tribunal after a review has been required by the participator or offered by HMRC.
- (4) This paragraph does not prevent the matter in question from being dealt with in accordance with paragraph 14(9).

#### Modifications etc. (not altering text)

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), reg. 7(5) (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 2 para. 8(4))  
**C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 8(9) (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 213(5))  
**C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 211(5))  
**C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), Sch. 20A para. 11(3) (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 194(3))  
**C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), Sch. 12 para. 3(2)(d) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 130(5))  
**C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), s. 66(8) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 129(4))  
**C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), s. 115(6A) (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), Sch. 1 para. 104(3))

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- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Participant requires review by HMRC*

- 14B (1) Sub-paragraphs (2) and (3) apply if the participant notifies HMRC that the participant requires HMRC to review the matter in question.
- (2) HMRC must, within the relevant period, notify the participant of HMRC’s view of the matter in question.
- (3) HMRC must review the matter in question in accordance with paragraph 14E.
- (4) The participant may not notify HMRC that the participant requires HMRC to review the matter in question and HMRC shall not be required to conduct a review if—
- (a) the participant has already given a notification under this paragraph in relation to the matter in question,
  - (b) HMRC have given a notification under paragraph 14C in relation to the matter in question, or
  - (c) the participant has notified the appeal to the tribunal under paragraph 14D.
- (5) In this paragraph “relevant period” means—
- (a) the period of 30 days beginning with the day on which HMRC receive the notification from the participant, or
  - (b) such longer period as is reasonable.

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), **reg. 7(5)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 2 para. 8(4)**)
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), **Sch. 22 para. 8(9)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 213(5)**)
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 211(5)**)
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)

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**C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

#### *HMRC offer review*

- 14C (1) Sub-paragraphs (2) to (5) apply if HMRC notify the participator of an offer to review the matter in question.
- (2) When HMRC notify the participator of the offer, HMRC must also notify the participator of HMRC's view of the matter in question.
- (3) If, within the acceptance period, the participator notifies HMRC of acceptance of the offer, HMRC must review the matter in question in accordance with paragraph 14E.
- (4) If the participator does not give HMRC such a notification within the acceptance period, HMRC's view of the matter in question is to be treated as if it were contained in an agreement in writing under paragraph 14(9) for the settlement of that matter.
- (5) Sub-paragraph (4) does not apply to the matter in question if, or to the extent that, the participator notifies the appeal to the tribunal under paragraph 14H.
- (6) HMRC may not notify the participator of an offer to review the matter in question (and, accordingly, HMRC shall not be required to conduct a review) if—
- (a) HMRC have already given a notification under this paragraph in relation to the matter in question,
  - (b) the participator has given a notification under paragraph 14B in relation to the matter in question, or
  - (c) the participator has notified the appeal to the tribunal under paragraph 14D.
- (7) In this paragraph “acceptance period” means the period of 30 days beginning with the date of the document by which HMRC notify the participator of the offer to review the matter in question.

#### **Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), **reg. 7(5)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 2 para. 8(4)**)
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), **Sch. 22 para. 8(9)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 213(5)**)
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 211(5)**)
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

**C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Notifying appeal to the tribunal*

- 14D (1) This paragraph applies if notice of appeal has been given to HMRC.
- (2) The participator may notify the appeal to the tribunal.
- (3) If the participator notifies the appeal to the tribunal, the tribunal is to decide the matter in question.
- (4) Sub-paragraphs (2) and (3) do not apply in a case where—
- (a) HMRC have given a notification of their view of the matter in question under paragraph 14B, or
  - (b) HMRC have given a notification under paragraph 14C in relation to the matter in question.
- (5) In a case falling within sub-paragraph (4)(a) or (b), the participator may notify the appeal to the tribunal, but only if permitted to do so by paragraph 14G or 14H.

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), **reg. 7(5)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 2 para. 8(4)**)
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), **Sch. 22 para. 8(9)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 213(5)**)
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 211(5)**)
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Nature of review etc*

- 14E (1) This paragraph applies if HMRC are required by paragraph 14B or 14C to review the matter in question.
- (2) The nature and extent of the review are to be such as appear appropriate to HMRC in the circumstances.



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- (3) For the purpose of sub-paragraph (2), HMRC must, in particular, have regard to steps taken before the beginning of the review—
  - (a) by HMRC in deciding the matter in question, and
  - (b) by any person in seeking to resolve disagreement about the matter in question.
- (4) The review must take account of any representations made by the participator at a stage which gives HMRC a reasonable opportunity to consider them.
- (5) The review may conclude that HMRC’s view of the matter in question is to be—
  - (a) upheld,
  - (b) varied, or
  - (c) cancelled.
- (6) HMRC must notify the participator of the conclusions of the review and their reasoning within—
  - (a) the period of 45 days beginning with the relevant day, or
  - (b) such other period as may be agreed.
- (7) In sub-paragraph (6) “relevant day” means—
  - (a) in a case where the participator required the review, the day when HMRC notified the participator of HMRC’s view of the matter in question,
  - (b) in a case where HMRC offered the review, the day when HMRC received notification of the participator’s acceptance of the offer.
- (8) Where HMRC are required to undertake a review but do not give notice of the conclusions within the time period specified in sub-paragraph (6), the review is to be treated as having concluded that HMRC’s view of the matter in question (see paragraphs 14B(2) and 14C(2)) is upheld.
- (9) If sub-paragraph (8) applies, HMRC must notify the participator of the conclusion which the review is treated as having reached.

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by [Oil Taxation \(Gas Banking Scheme\) Regulations 1982 \(S.I. 1982/92\)](#), [reg. 7\(5\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 2 para. 8\(4\)](#))
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#), [Sch. 22 para. 8\(9\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 213\(5\)](#))
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#), Sch. 22 para. 4(5) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 211\(5\)](#))
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1993 \(c. 34\)](#), [Sch. 20A para. 11\(3\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 194\(3\)](#))
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1987 \(c. 16\)](#), [Sch. 12 para. 3\(2\)\(d\)](#) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 130\(5\)](#))
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1987 \(c. 16\)](#), [s. 66\(8\)](#) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 129\(4\)](#))
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1984 \(c. 43\)](#), [s. 115\(6A\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 104\(3\)](#))
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1982 \(c. 39\)](#), [Sch. 19 para. 7\(2\)](#) (as amended (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 102\(3\)\(a\)](#))

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- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Effect of conclusions of review*

- 14F (1) This paragraph applies if HMRC give notice of the conclusions of a review (see paragraph 14E(6) and (9)).
- (2) The conclusions are to be treated as if they were an agreement in writing under paragraph 14(9) for the settlement of the matter in question.
- (3) Sub-paragraph (2) does not apply to the matter in question if, or to the extent that, the participator notifies the appeal to the tribunal under paragraph 14G.

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), **reg. 7(5)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 2 para. 8(4)**)
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), **Sch. 22 para. 8(9)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 213(5)**)
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 211(5)**)
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Notifying appeal to tribunal after review concluded*

- 14G (1) This paragraph applies if—
- (a) HMRC have given notice of the conclusions of a review in accordance with paragraph 14E, or
- (b) the period specified in paragraph 14E(6) has ended and HMRC have not given notice of the conclusions of the review.
- (2) The participator may notify the appeal to the tribunal within the post-review period.
- (3) If the post-review period has ended, the participator may notify the appeal to the tribunal only if the tribunal gives permission.



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- (4) If the participator notifies the appeal to the tribunal, the tribunal is to determine the matter in question.
- (5) In this paragraph “post-review period” means—
- (a) in a case falling within sub-paragraph (1)(a), the period of 30 days beginning with the date of the document in which HMRC give notice of the conclusions of the review in accordance with paragraph 14E(6), or
  - (b) in a case falling within sub-paragraph (1)(b), the period that—
    - (i) begins with the day following the last day of the period specified in paragraph 14E(6), and
    - (ii) ends 30 days after the date of the document in which HMRC give notice of the conclusion of the review in accordance with paragraph 14E(9).

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by Oil Taxation (Gas Banking Scheme) Regulations 1982 (S.I. 1982/92), **reg. 7(5)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 2 para. 8(4)**)
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), **Sch. 22 para. 8(9)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 213(5)**)
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1994 (c. 9), Sch. 22 para. 4(5) (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 211(5)**)
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

*Notifying appeal to tribunal after review offered but not accepted*

- 14H (1) This paragraph applies if—
- (a) HMRC have offered to review the matter in question (see paragraph 14C), and
  - (b) the participator has not accepted the offer.
- (2) The participator may notify the appeal to the tribunal within the acceptance period.
- (3) But if the acceptance period has ended, the participator may notify the appeal to the tribunal only if the tribunal gives permission.
- (4) If the participator notifies the appeal to the tribunal, the tribunal is to determine the matter in question.

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(5) In this paragraph “acceptance period” has the same meaning as in paragraph 14C.

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by [Oil Taxation \(Gas Banking Scheme\) Regulations 1982 \(S.I. 1982/92\)](#), [reg. 7\(5\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 2 para. 8\(4\)](#))
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#), [Sch. 22 para. 8\(9\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 213\(5\)](#))
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#). Sch. 22 para. 4(5) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 211\(5\)](#))
- C90** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1993 \(c. 34\)](#), [Sch. 20A para. 11\(3\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 194\(3\)](#))
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1987 \(c. 16\)](#), [Sch. 12 para. 3\(2\)\(d\)](#) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 130\(5\)](#))
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1987 \(c. 16\)](#), [s. 66\(8\)](#) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 129\(4\)](#))
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1984 \(c. 43\)](#), [s. 115\(6A\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 104\(3\)](#))
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1982 \(c. 39\)](#), [Sch. 19 para. 7\(2\)](#) (as amended (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 102\(3\)\(a\)](#))
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1982 \(c. 39\)](#), [Sch. 18 para. 8\(5\)](#) (as amended (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 101\(5\)\(a\)](#))
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1980 \(c. 48\)](#), [Sch. 17 para. 5\(6\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 95\(5\)](#))

*Interpretation of paragraphs 14A to 14H*

- 14I (1) In paragraphs 14A to 14H—
- (a) “matter in question” means the matter to which an appeal relates;
  - (b) a reference to a notification is a reference to a notification in writing.
- (2) In paragraphs 14A to 14H, a reference to the participator includes a person acting on behalf of the participator except in relation to—
- (a) notification of HMRC’s view under paragraph 14B(2);
  - (b) notification by HMRC of an offer of review (and of their view of the matter) under paragraph 14C;
  - (c) notification of the conclusions of a review under paragraph 14E(6); and
  - (d) notification of the conclusions of a review under paragraph 14E(9).
- (3) But if a notification falling within sub-paragraph (2) is given to the participator, a copy of the notification may also be given to a person acting on behalf of the participator.]

**Modifications etc. (not altering text)**

- C87** Sch. 2 paras. 14A-14I applied (with modifications) by [Oil Taxation \(Gas Banking Scheme\) Regulations 1982 \(S.I. 1982/92\)](#), [reg. 7\(5\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 2 para. 8\(4\)](#))
- C88** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#), [Sch. 22 para. 8\(9\)](#) (as inserted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 213\(5\)](#))
- C89** Sch. 2 paras. 14A-14I applied (with modifications) by [Finance Act 1994 \(c. 9\)](#). Sch. 22 para. 4(5) (as substituted (1.4.2009) by [S.I. 2009/56](#), art. 1(2), [Sch. 1 para. 211\(5\)](#))

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- C90** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1993 (c. 34), **Sch. 20A para. 11(3)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 194(3)**)
- C91** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **Sch. 12 para. 3(2)(d)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 130(5)**)
- C92** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1987 (c. 16), **s. 66(8)** (as substituted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 129(4)**)
- C93** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1984 (c. 43), **s. 115(6A)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 104(3)**)
- C94** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 19 para. 7(2)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 102(3)(a)**)
- C95** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1982 (c. 39), **Sch. 18 para. 8(5)** (as amended (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 101(5)(a)**)
- C96** Sch. 2 paras. 14A-14I applied (with modifications) by Finance Act 1980 (c. 48), **Sch. 17 para. 5(6)** (as inserted (1.4.2009) by S.I. 2009/56, art. 1(2), **Sch. 1 para. 95(5)**)

#### *Interest on tax*

- 15 (1) Subject to sub-paragraph (2) below, tax charged in an assessment for a chargeable period shall carry interest at the [<sup>F253</sup>rate applicable under section 178 of the Finance Act 1989] from [<sup>F254</sup>two months] after the end of the period until payment.
- (2) Nothing in sub-paragraph (1) above shall authorise or require interest to be charged from any time before 30th April 1976.
- (3) Where, under paragraph 14(3) above, tax may be withheld until the determination or abandonment of an appeal, the interest on that tax may also be withheld until the determination or abandonment of the appeal.

#### **Textual Amendments**

- F253** Words substituted by Finance Act 1989 (c. 26), **s. 179(1)(4)** and S.I. 1989 No. 1298 (C. 44) for periods beginning on or after 18 August 1989
- F254** Words substituted by Petroleum Revenue Tax Act 1980 (c. 1, SIF 63:1), **s. 2** in relation to tax charged for any period ending on or after 31 December 1979

#### **Modifications etc. (not altering text)**

- C97** See Finance Act 1982 (c. 39), **ss. 139(6), 142(5)** and Sch. 19 para. 13(4)
- C98** Rates applicable: 12 per cent. for periods after 31 December 1979 by S.I. 1979 No. 1687; 8 per cent. after 30 November 1982 by S.I. 1982 No. 1587; 11 per cent. after 30 April 1985 by S.I. 1985 No. 563; 8.5 per cent. after 5 August 1986 by S.I. 1986 No. 1181; 9.5 per cent. after 5 November 1986 by S.I. 1986 No. 1832; 9 per cent. after 5 April 1987 by S.I. 1987 No. 513; 8.25 per cent. after 5 June 1987 by S.I. 1987 No. 898; 9 per cent. after 5 September 1987 by S.I. 1987 No. 1492; and 8.25 per cent. after 5 December 1987 by S.I. 1987 No. 1988 (for later orders see Part III). See also S.I. 1989 No. 1297 for regulations made and interest rates set under Finance Act 1989 (c. 26), **s. 178**

- 16 [<sup>F255</sup>Subject to paragraph 17 below] where any amount of tax charged by an assessment to tax [<sup>F256</sup>or paid on account of tax so charged] becomes repayable under any provision of this Part of this Act that amount shall carry interest at the [<sup>F257</sup>rate applicable under section 178 of the Finance Act 1989][<sup>F258</sup>from—
- (a) two months after the end of the chargeable period for which the assessment was made; or

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(b) the date on which it was paid,  
 whichever is the later, until [<sup>F259</sup>the order for repayment is issued]].

#### Textual Amendments

- F255** Words inserted by [Finance Act 1990 \(c. 29, SIF 63:1\), s. 121\(2\)](#)
- F256** Words inserted by [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\), s. 2](#) in relation to tax charged for any period ending on or after 31 December 1979
- F257** Words substituted by [Finance Act 1989 \(c. 26\), s. 179\(1\)\(4\)](#) and S.I. 1989 No. 1298 (C. 44) for periods beginning on or after 18 August 1989
- F258** Words substituted by [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\), s. 2](#) in relation to tax charged for any period ending on or after 31 December 1979
- F259** Words substituted by [Finance Act 1989 \(c. 26\), s. 180\(2\)\(a\)](#) and (7) which amendment is deemed always to have had effect

#### Modifications etc. (not altering text)

- C99** Rates applicable: 12 per cent. for periods after 31 December 1979 by S.I. 1979 No. 1687; 8 per cent. after 30 November 1982 by S.I. 1982 No. 1587; 11 per cent. after 30 April 1985 by S.I. 1985 No. 563; 8.5 per cent. after 5 August 1986 by S.I. 1986 No. 1181; 9.5 per cent. after 5 November 1986 by S.I. 1986 No. 1832; 9 per cent. after 5 April 1987 by S.I. 1987 No. 513; 8.25 per cent. after 5 June 1987 by S.I. 1987 No. 898; 9 per cent. after 5 September 1987 by S.I. 1987 No. 1492; and 8.25 per cent. after 5 December 1987 by S.I. 1987 No. 1988 (for later orders see Part III). See also S.I. 1989 No. 1297 for regulations made and interest rates set under [Finance Act 1989 \(c. 26\), s. 178](#)
- C100** By [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\), s. 2\(3\)](#) any alteration in the rate mentioned in Sch. 2 para. 15(1) to apply also to Sch. 2 para. 16
- C101** See [Finance Act 1982 \(c. 39\), s. 139\(6\)](#) and Sch. 19 para. 13(5) in respect of repayments due in respect of the chargeable period ending on 30 June 1983

[<sup>F260</sup>17(1) This paragraph applies where—

- (a) an assessment made on a participator for a chargeable period or an amendment of such an assessment (in this paragraph referred to as “the relevant assessment or amendment”) gives effect to relief under subsection (2) of subsection (3) of section 7 of this Act for one or more allowable losses accruing in a later chargeable period (in this paragraph referred to, in relation to the relevant assessment or amendment, as “the relief for losses carried back”); and
  - (b) the later chargeable period referred to in paragraph (a) above ends after 30th June 1991; and
  - (c) an amount of tax becomes repayable to the participator by virtue of the relevant assessment or amendment (whether wholly or partly by reason of giving effect to the relief for losses carried back).
- (2) In the following provisions of this paragraph, so much of the repayment of tax referred to in sub-paragraph (1)(c) above as is attributable to giving effect to the relief for losses carried back is referred to as “the appropriate repayment” [<sup>F261</sup> and, in relation to the appropriate repayment, the chargeable period for which the relevant assessment or amendment is made is referred to as “the repayment period”].
- (3) For the purpose of determining the amount of the appropriate repayment in a case where the relevant assessment or amendment not only gives effect to the relief for losses carried back but also takes account of any other matter (whether a relief or not) which goes to reduce the assessable profit of the period in question or otherwise

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to reduce the tax payable for that period, the amount of the repayment which is attributable to the relief for losses carried back is the difference between—

- (a) the total amount of tax repayable by virtue of the relevant assessment or amendment; and
- (b) the amount of tax (if any) which would have been so repayable if no account had been taken of the relief for losses carried back.

(4) [<sup>F262</sup>Subject to sub-paragraph (6) below] Where this paragraph applies, the amount of interest which, by virtue of paragraph 16 above [<sup>F263</sup>which is treated as reducing the assessable profit of the repayment period], is carried by the appropriate repayment shall not exceed the difference between—

- (a) [<sup>F264</sup>the relevant percentage of the amount] of the allowable loss or losses referred to in sub-paragraph (1)(a) above; and
- (b) the amount of the appropriate repayment.

[ For the purposes of sub-paragraph (4)(a) above—

- <sup>F265</sup>(5) (a) where the repayment period ends on or before 30th June 1993, the relevant percentage, in relation to the amount of the loss or losses which is treated as reducing the assessable profit accruing to the participator for that period is 85 per cent.; and
- (b) in relation to the amount of the loss or losses which is treated as reducing the assessable profit accruing to the participator for any later repayment period, the relevant percentage is 60 per cent <sup>F266</sup>....

(6) If, in order to give effect to the relief for losses carried back, a repayment of APRT falls, or will on the making of a claim fall, to be made with respect to a chargeable period which is the repayment period in relation to the appropriate repayment, the reference in sub-paragraph (4)(b) above to the appropriate repayment shall be construed as a reference to the aggregate of that repayment and the repayment of APRT.

(7) In sub-paragraph (6) above “APRT” means advance petroleum revenue tax paid under Chapter II of Part VI of the <sup>M13</sup>Finance Act 1982.]]

#### Textual Amendments

- F260** Sch. 2 para. 17 inserted by [Finance Act 1990 \(c. 29, SIF 63:1\)](#), **s. 121(2)(3)**
- F261** Words in Sch. 2 para. 17(2) added (27.7.1993) by [1993 c. 34, ss. 186\(2\)](#), 195(3)
- F262** Words in Sch. 2 para. 17(4) inserted (27.7.1993) by [1993 c. 34, ss. 186\(3\)\(a\)](#), 195(3)
- F263** Words in Sch. 2 para. 17(4)(a) inserted (27.7.1993) by [1993 c. 34, ss. 186\(3\)\(b\)](#), 195(3)
- F264** Words in Sch. 2 para. 17(4)(a) substituted (27.7.1993) by [1993 c. 34, ss. 186\(3\)\(b\)](#), 195(3)
- F265** Sch. 2 para. 17(5)-(7) added (27.7.1993) by [1993 c. 34, ss. 186\(4\)](#), 195(3)
- F266** Words in Sch. 2 para. 17(5)(b) omitted (with effect in accordance with s. 140(4) of the amending Act) by virtue of [Finance Act 2016 \(c. 24\)](#), **s. 140(2)**

#### Marginal Citations

- M13** [1982 c. 39](#).

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## SCHEDULE 3

Section 1.

### PETROLEUM REVENUE TAX: MISCELLANEOUS PROVISIONS

#### *Definition of sale of oil at arm's length*

- 1 (1) For the purposes of this Part of this Act a sale of any oil is a sale at arm's length if, but only if, the following conditions are satisfied with respect to the contract of sale, that is to say—
- (a) the contract price is the sole consideration for the sale;
  - (b) the terms of the sale are not affected by any commercial relationship (other than that created by the contract itself) between the seller or any person connected with the seller and the buyer or any person connected with the buyer; and
  - (c) neither the seller nor any person connected with him has, directly or indirectly, any interest in the subsequent resale or disposal of the oil or any product derived therefrom.
- (2) [<sup>F267</sup>Section 1122 of CTA 2010] (connected persons) shall apply for the purposes of the preceding sub-paragraph.

#### **Textual Amendments**

**F267** Words in Sch. 3 para. 1(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), **Sch. 1 para. 165(2)** (with Sch. 2)

#### **Modifications etc. (not altering text)**

**C102** Definition applied for purposes of [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), s. 493(3)

#### *[<sup>F268</sup>Determination of market value: the notional delivery day for a quantity of oil*

#### **Textual Amendments**

**F268** Sch. 3 para. 1A and cross-heading inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(1)

- 1A (1) This paragraph has effect for determining, for the purposes of this Schedule, the day which is the “notional delivery day” in the case of any particular quantity of oil of any particular kind whose market value falls to be determined in accordance with the provisions of this Schedule in the case of any chargeable period.
- (2) The notional delivery day need not be a day in the chargeable period.
  - (3) In the case of a quantity of oil which, at the end of the chargeable period,—
    - (a) has neither been disposed of nor relevantly appropriated in the period, or
    - (b) has been disposed of but not delivered in the period,
 the notional delivery day is the last business day of the chargeable period.
  - (4) In the case of—
    - (a) a quantity of oil won and disposed of which is delivered on a day in the chargeable period, or



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- (b) a quantity of oil—
  - (i) relevantly appropriated on a day in the chargeable period, but
  - (ii) not disposed of in the chargeable period,the notional delivery day is to be determined in accordance with sub-paragraphs (5) to (7) below.
- (5) If that oil is—
  - (a) oil transported by ship from the place of extraction to a place in the United Kingdom or elsewhere, or
  - (b) oil transported by pipeline to a place in the United Kingdom and loaded on to a ship there,and there is a loading slot for it (see sub-paragraph (8)), the notional delivery day is the middle day of the loading slot.
- (6) If sub-paragraph (5) above does not apply to that oil, then—
  - (a) if it is oil delivered on a day in the chargeable period, the notional delivery day is the date of the delivery, or
  - (b) if it is oil relevantly appropriated on a day in the chargeable period, the notional delivery day is the date of the appropriation.
- (7) The Treasury may by regulations make provision for or in connection with substituting as the notional delivery day in such circumstances as may be prescribed—
  - (a) in the case of oil transported by ship from the place of extraction to a place in the United Kingdom or elsewhere, the date of completion of load, or
  - (b) in the case of oil transported by pipeline to a place in the United Kingdom and loaded on to a ship there, the date of the bill of lading.
- (8) The “loading slot” for any oil is the period of three days within which the loading of the oil on to the ship is or was to take place—
  - (a) as duly published by the operator of the facility at which that loading is or was to take place (unless paragraph (b) below applies), or
  - (b) as subsequently finally duly varied to give effect to any modifications duly notified to that operator by the participator concerned.
- (9) In sub-paragraph (8) above, “duly” means in accordance with the arrangements for the time being governing the time and manner of—
  - (a) publication, or variation, of the final loading schedule for the calendar month in which loading is or was to take place, or
  - (b) notification of modifications to that schedule,and, in any case, before the end of the calendar month immediately preceding that in which loading is to take place.
- (10) If the Treasury consider that, for the purpose of defining “loading slot”, any period of days for the time being specified by or under this Act as the period of days within which loading of oil on to a ship is to take place is, or is to be, no longer appropriate, they may by regulations make provision for, or in connection with,—
  - (a) varying the number of days in the period,
  - (b) determining the day that is to be the notional delivery day if the number, as varied, is an even number.

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The power conferred by this sub-paragraph includes power to make amendments to, or modifications of, this Schedule.]

*Definition of market value of oil*

2 <sup>F269</sup>(1) <sup>F270</sup>[Except in the case of light gases] the market value of <sup>F271</sup>[any particular quantity of oil of any kind on any day] shall be determined for the purposes of this Part of this Act in accordance with this paragraph [and, accordingly, references in the following provisions of this paragraph to oil do not apply to light gases].]

<sup>F272</sup>(1A) This paragraph makes different provision according to whether the oil is—

- (a) Category 1 oil of any kind, or
- (b) Category 2 oil of any kind.

(1B) For the purposes of this Act—

- (a) Category 1 oil is oil of any of one or more kinds specified as such in regulations made for the purpose by the Board;
- (b) Category 2 oil is oil of any other kind.

(1C) The Board may specify oil of any particular kind as Category 1 oil only if they are satisfied that reports of prices for sales of oil of that kind are published and widely available (whether or not on payment of a fee).]

<sup>F273</sup>(2) The market value of any particular quantity of Category 1 oil of any kind is the price for which that quantity of oil of that kind might reasonably have been expected to be sold under a contract of sale that meets the following conditions—

- (a) the contract is for the sale of the oil at arm's length to a willing buyer;
- (b) the contract is for delivery of a single standard cargo of the oil;
- (c) the contract specifies a period of three days within which loading of the oil is to take place and that period includes the notional delivery day for the actual oil;
- (d) the contract requires the oil to have been subjected to appropriate initial treatment before delivery;
- (e) the contract requires the oil to be delivered—
  - (i) in the case of oil extracted in the United Kingdom, at the place of extraction; or
  - (ii) in the case of oil extracted from strata in the sea bed and subsoil of the territorial sea of the United Kingdom or of a designated area, at the place in the United Kingdom or another country at which the seller could reasonably be expected to deliver it or, if there is more than one such place, the one nearest to the place of extraction.

The terms as to payment which are to be implied in the contract are those which are customarily contained in contracts for the sale at arm's length of oil of the kind in question.

(2AA) The market value of any particular quantity of Category 2 oil of any kind is the price for which that quantity of oil of that kind might reasonably have been expected to be sold under a contract of sale that meets the following conditions—

- (a) the contract is for the sale of the oil at arm's length to a willing buyer;
- (b) the contract provides for delivery of the oil on the notional delivery day for the actual oil or within such period that includes that day as is normal under



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- a contract at arm's length for the sale of oil of that kind (or, if there is more than one such period, the shortest of them);
- (c) the contract is made on a date such that the period between that date and the notional delivery day for the actual oil is the normal period between contract and delivery in the case of a contract at arm's length for the sale of oil of that kind (or, if there is more than one such period, the shortest of them);
  - (d) the contract requires the oil to have been subjected to appropriate initial treatment before delivery;
  - (e) the contract requires the oil to be delivered—
    - (i) in the case of oil extracted in the United Kingdom, at the place of extraction; or
    - (ii) in the case of oil extracted from strata in the sea bed and subsoil of the territorial sea of the United Kingdom or of a designated area, at the place in the United Kingdom or another country at which the seller could reasonably be expected to deliver it or, if there is more than one such place, the one nearest to the place of extraction.

The terms as to payment which are to be implied in the contract are those which are customarily contained in contracts for the sale at arm's length of oil of the kind in question.]

[<sup>F274</sup>(2E) For the purposes of sub-paragraph (2) or (2AA) above, the price of any quantity of Category 1 or Category 2 oil of any kind shall be determined in such manner, on the basis of such information, and by reference to such factors, as may be prescribed for oil of that Category and kind in regulations made by the Board.

- (2F) The provision that may be made by regulations under subsection (2E) above includes provision for or in connection with any or all of the following—
- (a) determining the price by reference to prices, or an average of prices, for sales of oil (whether or not oil of the Category or kind in question, and whether the prices are prices under actual contracts, prices that are published and widely available (whether on payment of a fee or otherwise) or prices ascertained or determined in some other way);
  - (b) the prices to be taken into account;
  - (c) the descriptions of contracts to be taken into account;
  - (d) the method to be used for determining an average of prices;
  - (e) the day or days, or period or periods, by reference to which prices, or any average of prices, is to be determined;
  - (f) the application of a prescribed price differential, in cases where the price of oil of one kind falls to be determined in whole or in part by reference to prices for oil of some other kind.

(2G) Sub-paragraph (2I) below has effect if, or in so far as, the Board are satisfied that it is impracticable or inappropriate to determine for the purposes of sub-paragraph (2) or (2AA) above the price of any oil in accordance with the provisions of regulations for the time being in force under sub-paragraph (2E) above.

- (2H) For that purpose it is immaterial whether the impracticability or inappropriateness is by virtue of—
- (a) an insufficiency of contracts or published prices that satisfy the conditions,
  - (b) an insufficiency of information relating to such contracts or published prices, or
  - (c) the nature of the market for oil of the kind in question,

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or for any other reason.

(2I) Where this sub-paragraph has effect, the price is to be determined—

- (a) so far as it is practicable and appropriate to do so by reference to other contracts or published prices (whether or not relating to oil of the same kind) and in accordance with the principles set out in the regulations for determining an average of prices; and
- (b) so far as it is not practicable or appropriate to determine it as mentioned in paragraph (a) above, in such other manner as appears to the Board to be appropriate in the circumstances.]

<sup>F275</sup>(3) . . . . .

[<sup>F276</sup>(3A) Where all or any of the oil whose market value falls to be ascertained in accordance with [<sup>F277</sup>sub-paragraph (1) and sub-paragraph (2) or (2AA) above] has been subjected to initial treatment before being disposed of or relevantly appropriated, the appropriate initial treatment referred to in [<sup>F278</sup>sub-paragraph (2)(d) or (2AA)(d) above] shall, as respects that oil, include the whole of that treatment.]

(4) The provisions of [<sup>F279</sup>sub-paragraphs (2) and (2AA)] above shall apply for the ascertainment of the market value of oil in any case mentioned in paragraph 2(2) of Schedule 2 to this Act as they apply in relation to the corresponding case mentioned in those provisions.

[<sup>F280</sup>(5) In this paragraph “prescribed” means specified in, or determined in accordance with, regulations.]

#### Textual Amendments

- F269** Sch. 3 para. 2(1)(2)(a)-(d) and part of (e) substituted for Sch. 3 para. 2(1)(2)(a) and part of (b) by [Finance Act 1987 \(c. 16\)](#), s. 62(3), [Sch. 11 para. 1\(2\)\(3\)](#) for chargeable periods ending after 31 December 1986
- F270** Words in Sch. 3 para. 2(1) inserted (3.5.1994) by [1994 c. 9](#), s. 236(1), [Sch. 23 para. 3\(1\)\(a\)](#) (with saving in s. 236(2))
- F271** Words in Sch. 3 para. 2(1) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(3)
- F272** Sch. 3 para. 2(1A)-(1C) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(4)
- F273** Sch. 3 para. 2(2)(2AA) substituted for Sch. 3 para. 2(2) (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(5)
- F274** Sch. 3 para. 2(2E)-(2I) substituted for Sch. 3 para. 2(2A)-(2D) (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(6)
- F275** Sch. 3 para. 2(3) repealed (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(7), [Sch. 26 Pt. 5](#)
- F276** Sch. 3 para. 2(3A) inserted by [Finance Act 1980 \(c. 48\)](#), s. 109(6) in relation to chargeable periods ending after 31 December 1979
- F277** Words in Sch. 3 para. 2(3A) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(8)(a)
- F278** Words in Sch. 3 para. 2(3A) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(8)(b)
- F279** Words in Sch. 3 para. 2(4) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(9)
- F280** Sch. 3 para. 2(5) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), s. 146(10)

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**Modifications etc. (not altering text)**

- C103** See Finance Act 1982 (c. 39), s. 134 and Sch. 18; Finance Act 1986 (c. 41), s. 109
- C104** Sch. 3 para. 2 applied (with modifications) by Income Tax (Trading and Other Income) Act 2005 (c. 5), ss. 225G(6)(7), 225J(6)(7) (as inserted (for the tax year 2010-11 and subsequent tax years) by Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 1 para. 2 (with Sch. 9 paras. 1-9, 22))
- C105** Sch. 3 para. 2 applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 285(6)(7) (with Sch. 2)
- C106** Sch. 3 para. 2 applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 282(6)(7) (with Sch. 2)

[<sup>F281</sup>2A(1) Paragraph 2 above shall have effect in accordance with this paragraph where the oil whose market value falls to be ascertained at any time in accordance with sub-paragraphs [<sup>F282</sup>(1) to [<sup>F283</sup>(2I)]] of that paragraph <sup>F284</sup>... consists of or includes gas.

[ Sub-paragraphs (2) and (3) below also apply where the market value of any light <sup>F285</sup>(1A) gases falls to be ascertained under paragraph 3A below.]

(2) [<sup>F286</sup>Sub-paragraph (2)(d) or (as the case may be) (2AA)(d) of paragraph 2 above][<sup>F287</sup>or, as the case may require, sub-paragraph (2)(b) of paragraph 3A below] shall not apply to so much of the oil as consists of gas unless—

- (a) it has been subjected to initial treatment before being disposed of or relevantly appropriated; or
- (b) it has, after being disposed of or relevantly appropriated, been subjected to initial treatment by or on behalf of the participator in question or by or on behalf of a person who is connected with him within the meaning of [<sup>F288</sup>section 1122 of CTA 2010];

and where oil consisting of gas has, whether before or after being disposed of or relevantly appropriated, been subjected to initial treatment by or on behalf of the participator in question or by or on behalf of a person who is connected with him as aforesaid the appropriate initial treatment referred to in sub-paragraph [<sup>F282</sup>(2)(d)][<sup>F289</sup>or (2AA)] of paragraph 2 above [<sup>F287</sup>or, as the case may require, sub-paragraph (2)(b) of paragraph 3A below] shall include the treatment to which it has been so subjected.

(3) Where the initial treatment mentioned in sub-paragraph (2) [<sup>F290</sup>or (2AA)] above includes treatment in order to separate gas of one or more kinds which are transported and sold in normal commercial practice, the market value of the gas of each such kind which is separated shall be ascertained in accordance with sub-paragraphs [<sup>F282</sup>(1) to [<sup>F291</sup>(2I)]] of paragraph 2 [<sup>F292</sup>or, as the case may require, in accordance with paragraph 3A below] as if that were the only oil whose market value fell to be ascertained at the time in question <sup>F293</sup>....

<sup>F294</sup>(4) .....

**Textual Amendments**

- F281** Sch. 3 para. 2A inserted by Finance Act 1980 (c. 48), s. 109(7) in relation to chargeable periods ending after 31 December 1979
- F282** Words substituted by Finance Act 1987 (c. 16), s. 62(3) and Sch. 11 para. 2 for chargeable periods ending after 31 December 1986

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- F283** Word in Sch. 3 para. 2A(1) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(2\)\(a\)](#)
- F284** Words in Sch. 3 para. 2A(1) repealed (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(2\)\(b\)](#), [Sch. 26 Pt. 5\(1\)](#)
- F285** Sch. 3 para. 2A(1A) inserted (3.5.1994) by 1994 c. 9, s. 236(1), [Sch. 23 para. 3\(2\)](#) (with saving in s. 236(2))
- F286** Words in Sch. 3 para. 2A(2) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(3\)\(a\)](#)
- F287** Words in Sch. 3 para. 2A(2) inserted (3.5.1994) by 1994 c. 9, s. 236(1), [Sch. 23 para. 3\(3\)](#) (with saving in s. 236(2))
- F288** Words in Sch. 3 para. 2A(2)(b) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 165\(3\)](#) (with [Sch. 2](#))
- F289** Words in Sch. 3 para. 2A(2) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(3\)\(b\)](#)
- F290** Words in Sch. 3 para. 2A(3) inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(4\)\(a\)](#)
- F291** Word in Sch. 3 para. 2A(3) substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(4\)\(b\)](#)
- F292** Words in Sch. 3 para. 2A(3) inserted (3.5.1994) by 1994 c. 9, s. 236(1), [Sch. 23 para. 3\(4\)](#) (with saving in s. 236(2))
- F293** Words in Sch. 3 para. 2A(3) repealed (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 8\(4\)\(c\)](#), [Sch. 26 Pt. 5\(1\)](#)
- F294** Sch. 23 para. 2A(4) repealed (3.5.1994) by 1994 c. 9, ss. 236(1), 258, Sch. 23 para. 3(5), [Sch. 26 Pt. VI Note 1](#) (with saving in s. 236(2))

**Modifications etc. (not altering text)**

- C107** See [Finance Act 1982 \(c. 39\)](#), s. 134 and Sch. 18; [Finance Act 1986 \(c. 41\)](#), s. 109

*Aggregate market value of oil for purposes of section 2(5)*

- [<sup>F295</sup>3 (1) For the purposes of subsection (5) of section 2 of this Act, the aggregate market value of any oil falling within paragraph (b) or (c) of that subsection is arrived at as follows.
- (2) In the case of oil falling within paragraph (b) of that subsection and delivered as there mentioned in the chargeable period in question—
- (a) for each delivery, find (in accordance with paragraph 2 above (read, where applicable, with paragraph 2A above)) the market value of the quantity of oil delivered, and
- (b) aggregate the market values so found.
- (3) In the case of oil falling within paragraph (c) of that subsection and appropriated as there mentioned in the chargeable period in question—
- (a) for each appropriation, find (in accordance with paragraph 2 above (read, where applicable, with paragraph 2A above)) the market value of the quantity of oil appropriated, and
- (b) aggregate the market values so found.]

**Textual Amendments**

- F295** Sch. 3 para. 3 substituted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 18 para. 9](#)

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*[<sup>F296</sup> Definition of market value of light gases]*

**Textual Amendments**

**F296** Sch. 3: Crossheading and para. 3A inserted (3.5.1994) by 1994 c. 9, s. 236(1), Sch. 23 para. 4 (with saving in s. 236(2))

- <sup>F297</sup>3A(1) The market value of any light gases for the purposes of this Part of this Act is the price at which, having regard to all the circumstances relevant to the disposal or appropriation in question, light gases of that kind might reasonably have been expected to be sold under a contract of sale satisfying the conditions specified in sub-paragraph (2) below.
- (2) The conditions referred to in sub-paragraph (1) above are that—
- (a) the contract is for the sale of the gases at arm's length to a willing buyer;
  - (b) the contract requires the gases to have been subjected to appropriate initial treatment before delivery; and
  - (c) the contract requires the gases to be delivered—
    - (i) in the case of gases extracted in the United Kingdom, at the place of extraction; or
    - (ii) in the case of gases extracted from strata in the sea bed and subsoil of the territorial sea of the United Kingdom or of a designated area, at the place in the United Kingdom or another country at which the seller could reasonably be expected to deliver the gases or, if there is more than one such place, the one nearest to the place of extraction.
- (3) If the circumstances referred to in sub-paragraph (1) above are such that the price referred to in that sub-paragraph might reasonably be expected to include—
- (a) any such payments as are referred to in subsection (2) of section 114 of the Finance Act 1984 (treatment of certain payments relating to gas sales), or
  - (b) any capacity payments, as defined in subsection (5) of that section,
- section 114 of the Finance Act 1984 shall apply accordingly in relation to the notional contract specified in sub-paragraph (1) above as it applies in relation to an actual contract.
- [ The circumstances referred to in sub-paragraph (1) above include—
- <sup>F298</sup>(3A) (a) the timing of the making, and of any subsequent variations, of the actual contract or other arrangements under which the disposal or appropriation was made;
- (b) the terms of that contract or, as the case may be, of those arrangements, and the terms of any such variations; and
  - (c) the extent to which the circumstances to which regard is to be had by virtue of paragraphs (a) and (b) above are circumstances that might reasonably have been expected to exist in the case of a contract satisfying the conditions specified in sub-paragraph (2) above.]

(4) This paragraph has effect subject to sub-paragraphs (2) and (3) of paragraph 2A above.]

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#### Textual Amendments

- F297** Sch. 3 para. 3A inserted (3.5.1994) by 1994 c. 9, s. 236(1), **Sch. 23 para. 4** (with saving in s. 236(2))  
**F298** Sch. 3 para. 3A(3A) inserted (*retrospectively*) by 1998 c. 36, s. 152(1)

#### Modifications etc. (not altering text)

- C108** Sch. 3 para. 3A applied (with modifications) by **Income Tax (Trading and Other Income) Act 2005 (c. 5), ss. 225G(6)(7), 225J(6)(7)** (as inserted (for the tax year 2010-11 and subsequent tax years) by **Taxation (International and Other Provisions) Act 2010 (c. 8), s. 381(1), Sch. 1 para. 2** (with **Sch. 9 paras. 1-9, 22**))  
**C109** Sch. 3 para. 3A applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4), s. 285(6)(7)** (with **Sch. 2**)  
**C110** Sch. 3 para. 3A applied (with modifications) (with effect in accordance with s. 1184(1) of the amending Act) by **Corporation Tax Act 2010 (c. 4), s. 282(6)(7)** (with **Sch. 2**)

#### *Oil delivered in place of royalties to be disregarded for certain purposes*

- 4 Oil delivered to the [<sup>F299</sup>OGA] under the terms of a licence granted under [<sup>F300</sup>Part I of the Petroleum Act 1998] shall be disregarded for the purposes of section 2(5) of this Act and for the purposes of the references in section 8(3) and (4) of this Act to a participator's share of the oil won and saved from an oil field in a chargeable period.

#### Textual Amendments

- F299** Word in Sch. 3 para. 4 substituted (1.10.2016) by **The Petroleum (Transfer of Functions) Regulations 2016 (S.I. 2016/898), regs. 1(2), 4(9)**  
**F300** Words in Sch. 3 para. 4 substituted (15.2.1999) by 1998 c. 17, s. 50, **Sch. 4 para. 7(7)** (with **Sch. 3 para. 5(1)**); S.I. 1999/161, **art. 2(1)**

#### *Effect of transfer to an associated company of participator's rights etc. in connection with an oil field or relevant licence*

- 5 (1) This paragraph applies to any agreement or other arrangement between a participator in an oil field and a company associated with the participator whereby—
- (a) ownership of all or any of the participator's share of the oil won and saved from the field is transferred to the company; and
  - (b) the company obtains or assumes all or any of the participator's other rights, interests and obligations in connection with the field or any relevant licence.
- (2) As regards any chargeable period in which a participator in an oil field is a party to an arrangement to which this paragraph applies, the other party to the arrangement shall be treated for all purposes of this Part of this Act (except this paragraph) and for the purposes of [<sup>F301</sup>sections 299 to 301 of CTA 2010] as having been a participator in the field at all times when the actual participator was such a participator (including times before the arrangement was made), and shall be assessable and chargeable to tax and entitled to make any claim under this Part of this Act, and any deduction or claim under [<sup>F301</sup>sections 299 to 301 of CTA 2010], accordingly.
- (3) Where a participator in an oil field is or has been a party to an arrangement to which this paragraph applies then for all purposes of this Part of this Act—

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- (a) anything done by or in relation to the participator in connection with the field or any relevant licence shall be treated as being or having been done by or, as the case may be, in relation to the other party to the arrangement; and
  - (b) all rights, interests or obligations of the participator in connection with the field or any relevant licence shall be treated as being or having been rights, interests or obligations of the other party.
- (4) Where a participator in an oil field is or has been a party to an arrangement to which this paragraph applies, then, if any tax or interest payable under this Part of this Act by the other party to the arrangement is not paid within thirty days after the date on which it becomes payable, the Board may by notice in writing require the participator to pay that tax or interest; and where such a notice is served on the participator, the tax or interest in question shall be payable by him forthwith, but without prejudice to the Board's right to recover it from the other party.
- (5) For the purposes of this paragraph “company” means any body corporate, and a participator in an oil field and another company are associated with one another if—
- (a) the participator has control over or is under the control of the other company; or
  - (b) the participator and the other company are both under the control of the same person or persons;
- and in this sub-paragraph “control” has the meaning given by [<sup>F302</sup>section 1124 of CTA 2010].

#### **Textual Amendments**

**F301** Words in Sch. 3 para. 5(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 165(4)* (with Sch. 2)

**F302** Words in Sch. 3 para. 5(5) substituted (with effect in accordance with s. 1184(1) of the amending Act) by *Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 165(5)* (with Sch. 2)

#### **Modifications etc. (not altering text)**

**C111** See *Finance Act 1981 (c. 35), s. 128(1)* and Sch. 16 para. 14; *Finance Act 1982 (c. 39), s. 139(6), Sch. 19 para. 20*

#### *Oil owned by a person other than a participator in the oil field from which it was won*

- 6 (1) Where a proportion of a participator's share in the oil won and saved from an oil field (as distinct from a specific quantity of oil comprised in that share) is owned by [<sup>F303</sup>a person (in this paragraph referred to as “the owner”) who is not a participator and] who acquired it (whether directly or indirectly) under an agreement to which paragraph 5 above does not apply, the following provisions of this paragraph shall have effect.
- (2) For the purposes of this Part of this Act the oil acquired by the owner under the agreement shall be treated in every case as having been disposed of to him by the participator otherwise than in a sale at arm's length.
- (3) Where any oil which the owner owns in right of the agreement is in pursuance of the agreement—
- (a) delivered to the owner by the participator; or
  - (b) delivered to a third person by the participator acting on behalf of the owner,



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the delivery shall for the purposes of this Part of this Act be regarded as a delivery by the participator although he does not own the oil.

- (4) This sub-paragraph applies to all such oil (if any) as, being owned by the owner in right of the agreement, is in any chargeable period delivered by the participator as mentioned in the preceding sub-paragraph and would accordingly, apart from the following sub-paragraph, fall to be brought into account under section 2(5)(b) of this Act in computing the assessable profit or allowable loss accruing to the participator in that period (in the following sub-paragraph referred to as “the relevant period”).
- (5) If on a claim made by the participator within two months after the end of the relevant period—
- (a) it is shown that some or all of the oil to which sub-paragraph (4) above applies has been disposed of by or on behalf of the owner crude in sales at arm’s length; and
  - (b) the Board are satisfied that the oil with respect to which it is so shown includes the whole of so much of the oil to which that sub-paragraph applies as has been so disposed of,

then, in computing the assessable profit or allowable loss accruing to the participator in the relevant period, the oil with respect to which it is so shown shall be brought into account by reference to the price received or receivable for it by the owner instead of by reference to its market value.

**Textual Amendments**

**F303** Words substituted by [Finance Act 1977 \(c. 36\), s. 54\(2\)](#)

*[<sup>F304</sup> Effect of certain transactions between participators*

**Textual Amendments**

**F304** Sch. 3 para. 6A inserted by [Finance Act 1977 \(c. 36\), s. 54](#)

- 6A Where the whole or part of the share of a participator (“the transferor”) of oil won from an oil field became the share, or part of the share, of another participator (“the transferee”) in pursuance of an agreement between them under which the transferor undertook to remain responsible for carrying out the transferee’s obligations in connection with the field so far as they relate to the transferred share or part, then, for the purposes of this Part of this Act—
- (a) the shares of the transferor and the transferee of oil won from the field shall be taken to be the same as they would have been if the transfer had not occurred, and
  - (b) any oil comprised in the transferred share or part and taken up by or on the authority of the transferee in pursuance of the agreement shall be regarded as being disposed of and delivered to him by the transferor at the time when it is taken up.]



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*Exclusion from section 2(4)(b) and (5)(d) of  
offshore oil in transit to place of first landing<sup>F305</sup> . . .*

**Textual Amendments**

**F305** Words in the heading to Sch. 3 para. 7 repealed (16.7.1992 with effect in accordance with ss. 55(3), 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), ss. 55(3), 74, 82, Sch. 15 para. 4(2)(a), Sch. 18 Pt. VIII

- 7 In computing the assessable profit or allowable loss accruing to a participator in a chargeable period from an oil field, the market value of any oil won as mentioned in section 3(1)(f) of this Act—
- (a) shall not be taken into account under section 2(4)(b) of this Act if and to the extent that at the end of the preceding chargeable period the oil was in the course of being transported to the place where it was first landed in the United Kingdom [<sup>F306</sup> or to the place referred to in section 3(1)(f)(ii) of this Act]; and
  - (b) shall not be taken into account under section 2(5)(d) of this Act if and to the extent that at the end of the first-mentioned chargeable period the oil was in the course of being so transported.

**Textual Amendments**

**F306** Words in Sch. 3 para. 7(a) inserted (16.7.1992 with effect in accordance with s. 74(5) of the amending Act) by Finance (No. 2) Act 1992 (c. 48), ss. 74, 82, Sch. 15 para. 4(2)(b).

*Certain subsidised expenditure to be disregarded*

- 8 (1) Expenditure shall not be regarded for any of the purposes of this Part of this Act as having been incurred by any person in so far as it has been or is to be met directly or indirectly by the Crown or by any government or public or local authority, whether in the United Kingdom or elsewhere, or by any person other than the first-mentioned person, [<sup>F307</sup> unless it is so met by a grant made under Part I of the <sup>M14</sup>Industry Act 1972 or a grant made under an enactment of the Parliament of Northern Ireland or Measure of the Northern Ireland Assembly and declared by order of the Treasury under section 84 of the <sup>M15</sup>Capital Allowances Act 1968 to correspond to a grant made under the said Part I].
- [<sup>F308</sup>(1A) But sub-paragraph (1) above does not apply to any expenditure for which the relevant participator is liable that has been or is to be met directly or indirectly out of a payment made by the guarantor under an abandonment guarantee.
- (1B) In sub-paragraph (1A) above—
- “abandonment guarantee” has the same meaning as it has for the purposes of section 3 of this Act (see section 104 of the Finance Act 1991), and
  - “the guarantor” and “the relevant participator” have the same meaning as in section 104 of that Act.]
- (2) In considering, for the purposes of this paragraph, how far any expenditure has been or is to be met directly or indirectly by the Crown or by any authority or person

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other than the person incurring the expenditure, there shall be left out of account any insurance or compensation payable in respect of the loss or destruction of any asset.

[<sup>F309</sup>(3) This paragraph is subject to paragraph 11A (transfers of interests in oil fields: post-transfer decommissioning expenditure).]

**Textual Amendments**

**F307** Words repealed by Finance Act 1982 (c. 39), ss. 137(1)(7), 157(6) and Sch. 19 Part IX in respect of relevant expenditure incurred after 9 March 1982 where the grant concerned is paid after that date

**F308** Sch. 3 para. 8(1A)(1B) inserted (with effect in accordance with Sch. 31 para. 23 of the amending Act) by Finance Act 2013 (c. 29), Sch. 31 para. 3

**F309** Sch. 3 para. 8(3) inserted (12.2.2019) by Finance Act 2019 (c. 1), s. 38(3)

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**Modifications etc. (not altering text)**

**C112** See Finance Act 1981 (c. 35), s. 118(5)

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**Marginal Citations**

**M14** 1972 c. 63.

**M15** 1968 c. 3.

*Election to have amounts mentioned in section 2(9)(b) and (c) spread*

<sup>F310</sup>9 .....

**Textual Amendments**

**F310** Sch. 3 para. 9 omitted (with effect in accordance with Sch. 45 para. 1(5) of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 45 para. 1(2)

<sup>F311</sup>10 .....

**Textual Amendments**

**F311** Sch. 3 para. 10 omitted (with effect in accordance with Sch. 45 para. 1(5) of the amending Act) by virtue of Finance Act 2009 (c. 10), Sch. 45 para. 1(2)

*Restriction of amount of reduction under section 8(1)*

11       Where—

(a) a claim under Schedule 5 or 6 to this Act is made after the relevant time; and

(b) the reduction which would, apart from this paragraph, fall to be made under subsection (1) of section 8 of this Act for any chargeable period is greater than it would have been if the expenditure and other amounts allowed on the claim had been claimed before and allowed at the relevant time,

then, if the Board so direct, the reduction made under that subsection for that chargeable period shall be only what it would have been if the expenditure and other amounts allowed on the claim had been claimed before and allowed at the relevant time.

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

In this paragraph “the relevant time” means the end of twelve months from the end of the claim period to which the claim mentioned in sub-paragraph (a) above relates.

*[<sup>F312</sup>Transfers of interests in oil fields: post-transfer decommissioning expenditure*

#### Textual Amendments

**F312** Sch. 3 para. 11A and cross-heading inserted (12.2.2019) by [Finance Act 2019 \(c. 1\), s. 38\(2\)](#)

- 11A (1) This paragraph applies if—
- (a) there is, for the purposes of Schedule 17 to FA 1980, a transfer by a participant in an oil field of the whole or part of an interest in the field, and
  - (b) on or after 1 November 2018, the OGA gives consent for the transfer.
- (2) Paragraph 8(1) (certain subsidised expenditure to be disregarded) does not apply to any decommissioning expenditure that—
- (a) is incurred by the new participant, and
  - (b) has been, or is to be, met directly or indirectly out of a payment made by the old participant.
- (3) Sub-paragraph (4) applies if, at the end of the transfer period, the old participant is no longer a licensee or a participant in respect of any licensed area wholly or partly included in the oil field.
- (4) Decommissioning expenditure that is incurred by the old participant, after the end of the transfer period, is to be treated for the purposes of this Act as having been incurred by the new participant (and paragraph 8(1) does not apply to any such expenditure).
- (5) If the old participant has transferred the whole or part of another interest in the oil field to the new participant, but the condition in sub-paragraph (1)(b) was not met in respect of the transfer, references in sub-paragraphs (2) and (4) to decommissioning expenditure are references to such proportion of that expenditure as is just and reasonable.
- (6) In this paragraph—
- (a) “decommissioning expenditure” means—
    - (i) expenditure that is incurred, in relation to the oil field mentioned in sub-paragraph (1)(a), for a purpose within section 3(1)(i) or (j) (decommissioning or restoration), and
    - (ii) is allowable under that section;
  - (b) “the old participant”, “the new participant” and “the transfer period” have the same meaning as in Schedule 17 to FA 1980 (see paragraph 1(3) of that Schedule).
- (7) If there is, for the purposes of Schedule 17 to FA 1980, a subsequent transfer of the whole or part of an interest in the oil field mentioned in sub-paragraph (1) (a), references in this paragraph to “the old participant” include references to each participant whose interest, or part of it, in the oil field is the subject of a transfer to which this paragraph applies.]

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

*[<sup>F313</sup>Power to make regulations under this Schedule*

**Textual Amendments**

**F313** Sch. 3 para. 12 and cross-heading inserted (with effect in accordance with s. 147(1)(2) of the amending Act) by [Finance Act 2006 \(c. 25\)](#), **Sch. 18 para. 10**

- 12 (1) Any power to make regulations under this Schedule is exercisable by statutory instrument.
- (2) A statutory instrument containing regulations under this Schedule may not be made unless a draft of the instrument has been laid before, and approved by a resolution of, the House of Commons.
- (3) Any power to make regulations under this Schedule includes power—
- (a) to make different provision for different Categories or kinds of oil or for different cases, or
  - (b) to make incidental, consequential, supplemental, or transitional provision or savings.]

SCHEDULE 4

Sections 3 and 4.

PROVISIONS SUPPLEMENTARY TO SECTIONS 3 AND 4

**Modifications etc. (not altering text)**

**C113** See [Oil Taxation Act 1983 \(c. 56\)](#), **s. 3(6)**

*Restrictions on expenditure allowable under section 3 or 4*

- 1 (1) Expenditure incurred by any person in the acquisition of an asset is not allowable under section 3 or 4 of this Act for an oil field if expenditure previously incurred by another person in acquiring, bringing into existence, or enhancing the value of that asset is allowable under that section for that field.

Section 4(13) of this Act applies to the preceding provisions of this sub-paragraph.

- (2) Sub-paragraph (1) above shall, with any necessary modifications, have effect in relation to expenditure incurred by a person—
- (a) in renting or hiring an asset or any interest in an asset; or
  - (b) for the provision of services or other business facilities of whatever kind; or
  - (c) for the grant or transfer to him of any right, licence or interest (other than an interest in an asset),

as it has effect in relation to expenditure incurred in the acquisition of, or of an interest in, an asset.

**Modifications etc. (not altering text)**

**C114** See [Oil Taxation Act 1983 \(c. 56\)](#), **s. 5(4)**

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*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

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2 <sup>F314</sup>(1) Where, in a transaction to which this paragraph applies, a person has incurred expenditure in acquiring, bringing into existence or enhancing the value of an asset, he shall at any time be treated for the purposes of—

- (a) sections 3 and 4 of this Act, and
- (b) sections 3 and 4 of and Schedule 1 to the <sup>M16</sup>Oil Taxation Act 1983,

<sup>F315</sup>as having incurred that expenditure only to the extent that it does not exceed the lowest of the amounts described in sub-paragraph (1ZA) below which is applicable in the particular case.]

[ Those amounts are—

- <sup>F316</sup>(1ZA) (a) the amount of expenditure (other than loan expenditure) incurred up to the time mentioned in sub-paragraph (1) above in a transaction to which this paragraph does not apply (or, if there has been more than one such transaction, the later or latest of them) in acquiring, bringing into existence, or enhancing the value of, the asset;
- (b) the amount of the open market consideration for the acquisition, bringing into existence, or enhancement of the value, of the asset;
- (c) in a case where the other party to the transaction is a participator in a taxable field and in the case of that participator either—
- (i) an amount is brought into account under section 2 of this Act in accordance with section 7(1) of the Oil Taxation Act 1983 as disposal receipts in respect of the transaction, or
  - (ii) no amount is so brought into account by reason of reductions falling to be made in the amount that would have been so brought into account apart from those reductions,
- the amount so brought into account or, as the case may be, nil;
- (d) in a case where the other party to the transaction is not a participator in a taxable field but—
- (i) the transaction is the latest in a series of transactions in respect of the asset (or in respect of an asset or assets in which the asset was comprised),
  - (ii) those transactions are transactions to which this paragraph applies,
  - (iii) in the case of at least one of those transactions, there is a party who is a participator in an oil field, and
  - (iv) in the case of any such party, an amount either is brought into account as mentioned in paragraph (c)(i) above in respect of the transaction or would have been so brought into account but for such reductions as are mentioned in paragraph (c)(ii) above,
- so much of the amount so brought into account in respect of that transaction (or, where there are two or more such transactions, the later or latest of them) as is justly and reasonably referable to the asset mentioned in sub-paragraph (1) above (taking that amount as being nil in the case of any transaction where no amount is so brought into account by reason of any such reductions).]

(1A) Subsections (1) to (3) of section 191 of the Finance Act 1993 apply to determine for the purposes of this paragraph what expenditure has at any time been incurred under a transaction to which this paragraph does not apply, as they apply in relation to expenditure for the allowance of which a claim is received by the Board after 16th March 1993.

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

- (1B) In sub-paragraph [<sup>F317</sup>(1ZA)(a)] above “loan expenditure” means expenditure in respect of interest or any other pecuniary obligation incurred in obtaining a loan or any other form of credit.]
- [<sup>F318</sup>(1C) The reference in sub-paragraph (1ZA)(b) above to the open market consideration for the acquisition, bringing into existence, or enhancement of the value, of an asset is a reference to the consideration which might reasonably have been given for the acquisition, bringing into existence, or enhancement of the value, of the asset (whatever the nature of the acquisition, bringing into existence or enhancement of the value) had it been made in a transaction to which this paragraph does not apply.]
- (2) This paragraph applies to any transaction between connected persons and to any transaction made otherwise than at arm’s length; and for the purposes of this paragraph a person is connected with another person if [<sup>F319</sup>they are connected within the meaning of [<sup>F320</sup>section 1122 of CTA 2010]].
- <sup>F321</sup>(3) The preceding provisions of this section shall, with any necessary modification, apply in relation to expenditure incurred by any person in acquiring an interest in an asset or in bringing into existence an asset in which he is to have an interest, or in enhancing the value of an asset in which he has an interest, as those provisions apply in relation to expenditure incurred by a person in acquiring, bringing into existence, or enhancing the value of an asset, as the case may be.
- (4) The provisions of sub-paragraphs (1) to (2) above shall, with any necessary modification, apply in relation to expenditure incurred by any person in respect of—
- (a) the use of an asset (including expenditure on renting or hiring), or
  - (b) the provision of services or other business facilities of whatever kind in connection with the use, otherwise than by that person, of an asset,
- as they have effect in relation to expenditure incurred in the acquisition of, or of an interest in, an asset.]

#### Textual Amendments

- F314** Sch. 4 para. 2(1)-(1B) substituted for Sch. 4 para. 2(1) (27.7.1993 with effect as mentioned in s. 191(6)) for para. 2(1) by [1993 c. 34, ss. 191\(4\)\(6\)](#)
- F315** Words in Sch. 4 para. 2(1) substituted (with effect in accordance with s. 287(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 287\(2\)](#)
- F316** Sch. 4 para. 2(1ZA) inserted (with effect in accordance with s. 287(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 287\(3\)](#)
- F317** Word in Sch. 4 para. 2(1B) substituted (with effect in accordance with s. 287(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 287\(4\)](#)
- F318** Sch. 4 para. 2(1C) inserted (with effect in accordance with s. 287(6) of the amending Act) by [Finance Act 2004 \(c. 12\), s. 287\(5\)](#)
- F319** Words substituted for Sch. 4 para. 2(2)(a)–(c) by [Finance \(No. 2\) Act 1979 \(c. 47\), s. 20\(2\)](#) in relation to expenditure claimed after 31 December 1978
- F320** Words in Sch. 4 para. 2(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 166\(2\)](#) (with [Sch. 2](#))
- F321** Sch. 4 para. 2(3)(4) substituted for Sch. 4 para. 2(3) (27.7.1993 with effect as mentioned in s. 191(6)) by virtue of [1993 c. 34, ss. 191\(5\)\(6\)](#)

#### Modifications etc. (not altering text)

- C115** See [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\), s. 495](#)

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

**C116** See Oil Taxation Act 1983 (c. 56), **Sch. 2 para. 5** in relation to transactions to which Sch. 4 para. 2 applies

**Marginal Citations**

**M16** 1983 c. 56.

F322<sup>3</sup>

**Textual Amendments**

**F322** Sch. 4 para. 3 omitted (with effect in accordance with Sch. 45 para. 1(5) of the amending Act) by virtue of Finance Act 2009 (c. 10), **Sch. 45 para. 1(4)**

*Disposal of long-term asset formerly used in connection with an oil field*

- 4 (1) Where an asset is used in connection with an oil field in circumstances such that section 4 of this Act applies to any expenditure incurred in acquiring, bringing into existence, or enhancing the value of that asset, then if—
- (a) the asset is disposed of for valuable consideration while in use in that connection or not more than two years after its use in that connection permanently ceases;
  - (b) the person making the disposal is either a participator in the field or a person connected with a participator;
  - (c) the person to whom the disposal is made is not a person connected with a participator; and
  - (d) the amount or value of the consideration received or receivable for the disposal is not less than the price which the asset might reasonably have been expected to fetch if sold in the open market at the time of the disposal,
- sub-paragraphs (2) to (4) below shall have effect.
- (2) If the disposal occurs without the asset permanently ceasing to be used in connection with the field, its use in that connection shall for the purposes of section 4 of this Act and the following provisions of this paragraph be deemed to have permanently ceased at the time of the disposal.
- (3) If the disposal takes place not later than the end of the claim period in which the use of the asset in connection with the field permanently ceases, the proportion of the expenditure allowable under section 4 of this Act for the relevant period (that is to say the period which, in relation to that claim period, is the relevant period for the purposes of subsection (7) of that section) or, if the claim period in question is the first relevant claim period (as defined in that section), the proportion of the expenditure so allowable for that claim period shall be computed under that section subject to the provisions of sub-paragraph (5) below.
- (4) If the disposal takes place after the end of the claim period in which the use of the asset in connection with the field permanently ceases, then, as regards the claim period in which the disposal takes place—
- (a) subsection (7) of section 4 of this Act shall have effect in relation to the asset as if its use in that connection had permanently ceased in that claim period (but so that for the purposes of subsections (5) and (6) of that section as applied by the said subsection (7) the asset shall not be treated as having been used in that connection at any time when it was not so used); and



*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

- (b) the proportion of the expenditure allowable under that section for the relevant period (that is to say the period which, in relation to that claim period is the relevant period for the purposes of the said subsection (7)) shall be computed under that section subject to the provisions of sub-paragraph (5) below.
- (5) For the purposes of the computation mentioned in sub-paragraph (3) or (4) above, as the case may be—
- (a) the amount of the expenditure incurred in acquiring, bringing into existence, or enhancing the value of the asset which would otherwise fall to be taken into account shall be treated as reduced by the amount or value of the consideration received or receivable for the disposal (or, if equal to or smaller than the amount or value of that consideration, as reduced to nil); and
  - (b) the asset’s useful life shall be treated as having ended at the time of the disposal or, if the asset permanently ceased to be used in connection with the field before that time and was neither used nor available for use by anyone in the interval between its permanently ceasing to be so used and the time of the disposal, at the time when it permanently ceased to be so used.
- (6) In any case where, for different parts of the expenditure incurred in the case of an asset as mentioned in sub-paragraph (1) above, different proportions thereof would be allowable under section 4 of this Act apart from sub-paragraph (5)(a) above (including a case where, for some but not all of that expenditure, the proportion thereof so allowable would be 100 per cent.), the amount or value of the consideration received or receivable for the disposition shall for the purposes of this paragraph be treated as referable to those different parts in such proportions as may be just and reasonable.
- (7) Section 4(13) of this Act applies to the preceding provisions of this paragraph; and those provisions shall, with any necessary modifications, apply in relation to a disposal of an interest in an asset as they apply in relation to a disposal of an asset.
- (8) [<sup>F323</sup>Section 1122 of CTA 2010] (connected persons) shall apply for the purposes of this paragraph.

**Textual Amendments**

**F323** Words in [Sch. 4 para. 4\(8\)](#) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\)](#), s. 1184(1), [Sch. 1 para. 166\(3\)](#) (with [Sch. 2](#))

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**Modifications etc. (not altering text)**

**C117** See [Oil Taxation Act 1983 \(c. 56\)](#), [s. 1\(4\)](#)

**C118** See [Oil Taxation Act 1983 \(c. 56\)](#), [s. 5\(7\)](#)

5 ..... <sup>F324</sup>

**Textual Amendments**

**F324** [Sch. 4 para. 5](#) repealed by [Oil Taxation Act 1983 \(c. 56\)](#), [s. 15\(6\)](#) and [Sch. 6](#)



*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

*Provisions supplementary to section 4(9) of this Act and paragraph 5(2) above*

- 6 (1) Where in the case of an oil field, the total amount of the expenditure allowable under sections 3 and 4 of this Act on a claim for a claim period—
- (a) is, under one or more of the relevant provisions, reduced to nil; and
  - (b) would, under one or more of those provisions, have fallen to be reduced by a further amount if the total amount of that expenditure had been sufficient to enable the maximum reduction thereunder to be made,
- that further amount shall be apportioned between the participators in proportions corresponding to what for that claim period would be their respective shares of any expenditure falling within section 2(9)(b)(i) of this Act; and in computing the assessable profit or allowable loss accruing to any participator in the earliest chargeable period which ends after the end of that claim period, the aggregate mentioned in section 2(4)(a) of this Act shall be increased by an amount equal to the amount apportioned to him under this paragraph.
- (2) In this paragraph “the relevant provisions” means section 4(9) of this Act and paragraph 5(2) above.

**Modifications etc. (not altering text)**

**C119** See Oil Taxation Act 1983 (c. 56), s. 3(6)

*Insurance or compensation in respect of loss or destruction of long-term asset formerly used in connection with oil field*

- 7 (1) Where, in consequence of the loss or destruction at any time within the period mentioned in sub-paragraph (1) of paragraph 4 above of such an asset as is mentioned in that sub-paragraph, any insurance or compensation in respect of the loss or destruction is receivable by a participator in the field or a person connected with a participator, paragraphs 4 and 6 above shall apply as if at that time the person by whom the insurance or compensation is receivable had disposed of the asset or his interest in it for an amount equal to the insurance or compensation.
- (2) [<sup>F325</sup>Section 1122 of CTA 2010] (connected persons) shall apply for the purposes of this paragraph.

**Textual Amendments**

**F325** Words in Sch. 4 para. 7(2) substituted (with effect in accordance with s. 1184(1) of the amending Act) by Corporation Tax Act 2010 (c. 4), s. 1184(1), Sch. 1 para. 166(4) (with Sch. 2)

*Assets acquired jointly by participators in different oil fields*

- 8 Where an asset was acquired jointly by persons who are participators in two or more different oil fields (whether or not any one of those persons is a participator in more than one of those fields), then in determining for the purposes of section 4 of this Act, in the case of any one of those fields, the use which has been, or which it is reasonable to assume will be, made of the asset otherwise than in connection with that field, no regard shall be had to its use or possible use in connection with any other of those fields.

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

**Modifications etc. (not altering text)**

**C120** See Oil Taxation Act 1983 (c. 56), s. 3(6)

SCHEDULE 5

Sections 3 and 4.

ALLOWANCE OF EXPENDITURE (OTHER THAN ABORTIVE EXPLORATION EXPENDITURE)

**Modifications etc. (not altering text)**

**C121** Sch. 5 excluded by Finance Act 1991 (c. 31, SIF 63:1), s. 108(6).

*Claim periods and claims*

- 1 (1) In relation to any oil field—
- (a) the first claim period is whichever of the following periods the responsible person elects, namely the period ending at the end of June following the determination of the field or the period ending at the end of December following that determination (including, in either case, an unlimited time prior to that determination);
  - (b) each subsequent claim period is whichever of the following periods the responsible person elects, namely the period of six months or the period of twelve months from the end of the preceding claim period:

Provided that unless and until the responsible person elects the period of six months from the end of any particular claim period, the claim period next after that claim period shall be taken to be the period of twelve months from the end of it.

- (2) An election under this paragraph must be made by notice in writing to the Board.
- 2 (1) A claim under this Schedule for the allowance of any expenditure allowable under section 3 or 4 of this Act for an oil field must be made by the responsible person to the Board and, subject to the provisions of this Part of this Act, must be made in a claim or claims for the claim period in which the expenditure is incurred, but may not be made before the determination of the field or more than [<sup>F326</sup>4 years] after the end of the claim period in which the expenditure is incurred.
- (2) A claim under this Schedule for the allowance of any expenditure allowable under section 3 or 4 of this Act for an oil field which was incurred by a person before he became a participator in the field must be made in a claim for the claim period in which he became a participator.
  - (3) A claim under this Schedule shall not include any expenditure allowable under section 3 or 4 of this Act which has been included in a claim under Schedule 6 to this Act.
  - (4) A claim must state—
    - (a) what part (if any) of the expenditure is claimed as qualifying for supplement under section 2(9)(b)(ii) of this Act; and

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

- (b) [<sup>F327</sup>Subject to paragraph 2A below]the shares in which, in accordance with their respective interests in the oil field, the participators propose to divide between them, for the purposes of paragraph (b) of section 2(9) of this Act, the expenditure allowed on the claim and the amount which will arise under sub-paragraph (ii) of that paragraph if some or all of that expenditure is allowed on the claim as so qualifying.
- (5) Where a claim for the allowance of any expenditure under section 4 of this Act for an oil field was made in relation to any asset for the claim period which, in the case of that asset, is the first relevant claim period (as defined in that section), then any claim with respect to that field made under this Schedule for any subsequent claim period must give all such information as is relevant for the purpose of enabling the Board to carry into effect the provisions of that section in relation to that asset.
- (6) A claim must be in such form as the Board may prescribe and must include a declaration that all statements contained in it are correct to the best of the knowledge and belief of the person making the claim.
- [<sup>F328</sup>(7) Where—
- (a) the claim period in which any expenditure allowable under section 3 or 4 of this Act for an oil field is incurred coincides with or includes a chargeable period, and
  - (b) the Board has extended the period for the delivery of the return that is required under paragraph 5 of Schedule 2 to this Act to be delivered for that chargeable period by the responsible person, and
  - (c) the relevant time falls more than [<sup>F329</sup>2 years] after the end of the claim period,
- sub-paragraph (1) above shall have effect as if the reference to [<sup>F330</sup>4 years] after the end of the claim period in which the expenditure is incurred were a reference to two years after the relevant time.
- (8) In sub-paragraph (7) above “the relevant time” means the earlier of—
- (a) the time which, as a result of the extension mentioned in that sub-paragraph, is the latest time for the delivery of the return there mentioned; and
  - (b) the time when that return is delivered.]

#### Textual Amendments

- F326** Words in Sch. 5 para. 2(1) substituted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 23(2); S.I. 2010/867, art. 2(2)
- F327** Words in Sch. 5 para. 2(4)(b) inserted by Finance Act 1991 (c. 31, SIF 63:1), s. 107(1).
- F328** Sch. 5 para. 2(7)(8) inserted (27.9.1999 with application in relation to chargeable periods ending on or after 30.6.1999) by 1999 c. 16, s. 102(4)(8)
- F329** Words in Sch. 5 para. 2(7)(c) substituted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 23(3)(a); S.I. 2010/867, art. 2(2)
- F330** Words in Sch. 5 para. 2(7) substituted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 23(3)(b); S.I. 2010/867, art. 2(2)

#### Modifications etc. (not altering text)

- C122** See Oil Taxation Act 1983 (c. 56), s. 3(6)
- C123** See Finance Act 1982 (c. 39), s. 135(1)(c) in relation to any case where oil was won before the date of determination

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

**C124** See Finance (No. 2) Act 1979 (c. 47), s. 19(4) where more than one rate of uplift applies; Finance Act 1981 (c. 35), s. 111(6)

**C125** See Oil Taxation Act 1983 (c. 56), s. 5(7)

<sup>F331</sup>2A(1) This paragraph applies if—

- (a) a current participator (“the defaulter”) has defaulted on a liability under—
  - (i) a relevant agreement, or
  - (ii) an abandonment programme,
 to make a payment towards abandonment expenditure, and
- (b) a current or former participator (“the contributing participator”) pays an amount in or towards meeting the whole or part of the default (“a default payment”).

(2) If a claim is made under this Schedule for the allowance of the abandonment expenditure, the amount of the default payment is to be attributed to the contributing participator for the purposes of paragraphs 2(4)(b) and 3(1)(c).

(3) But the amount attributed under sub-paragraph (2) may not exceed—

- (a) so much of the sum in default as the contributing participator is required to meet in accordance with—
  - (i) the relevant agreement, or
  - (ii) the abandonment programme, or
- (b) such other amount as the participator may be required to meet in accordance with a direction given under Part 4 of the Petroleum Act 1998.

(4) Sub-paragraph (2) is subject to paragraph 2B.

(5) In determining the amount which is to be attributed to the contributing participator under sub-paragraph (2), account shall be taken of the whole of the defaulter's interest in the relevant oil field.

(6) But in determining the share of the abandonment expenditure to be attributed to the defaulter under paragraph 2(4)(b), the amount which would be attributed by reference to the defaulter's interest in the relevant oil field is to be reduced or (as the case may be) extinguished by the deduction of the aggregate of—

- (a) the amount attributed to the contributing participator under sub-paragraph (2), and
- (b) any other amounts attributed under sub-paragraph (2) to other current or former participators who make default payments in respect of the defaulter's default.

#### Textual Amendments

**F331** Sch. 5 paras. 2A-2C substituted for Sch. 5 para. 2A (with effect in accordance with s. 103(2) of the amending Act) by Finance Act 2008 (c. 9), s. 103(1)

#### Modifications etc. (not altering text)

**C126** Sch. 5 para. 2A definitions applied by Finance Act 1991 (c. 31, SIF 63:1), s.108(1).

2B (1) No amount is to be attributed to a contributing participator under paragraph 2A(2) unless the following conditions are all met.

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

- (2) The first condition is that the contributing participator is not connected with the defaulter, applying [<sup>F332</sup>section 1122 of CTA 2010] (connected persons) for the purposes of this sub-paragraph.
- (3) The second condition is that, at the end of the claim period for which the claim is made, the defaulter still has an interest in the relevant oil field which, under paragraph 2(4)(b), falls to be taken into account in determining the shares in the abandonment expenditure.
- (4) The third condition is that the relevant participators have taken all reasonable steps by way of legal remedy—
  - (a) to secure that the defaulter meets the whole of the liability referred to in paragraph 2A(1)(a), and
  - (b) to enforce any guarantee or other security provided in respect of that liability.
- (5) In sub-paragraph (4) “relevant participators” means—
  - (a) each current participator (other than the defaulter), and
  - (b) each former participator who makes a default payment in respect of the defaulter's default.

#### Textual Amendments

**F331** Sch. 5 paras. 2A-2C substituted for Sch. 5 para. 2A (with effect in accordance with s. 103(2) of the amending Act) by [Finance Act 2008 \(c. 9\), s. 103\(1\)](#)

**F332** Words in [Sch. 5 para. 2B\(2\)](#) substituted (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 1 para. 167](#) (with [Sch. 2](#))

- 2C
- (1) An amount attributed under paragraph 2A(2) is—
    - (a) in the case of a current participator, to be an addition to the share of the abandonment expenditure referable to the current participator's interest in the oil field, or
    - (b) in the case of a former participator, to be the share of the abandonment expenditure referable to the former participator's interest in the oil field.
  - (2) In paragraphs 2A and 2B and this paragraph—

“abandonment expenditure” means expenditure which is allowable for an oil field by virtue of section 3(1)(i) or (j);

“abandonment programme” means an abandonment programme approved under Part 4 of the Petroleum Act 1998 (including any such programme as revised);

“current participator” means a person who is, by virtue of paragraph (a), [<sup>F333</sup>(aa), ] (b) or (c) of the definition in section 12, a participator in the relevant oil field in the chargeable period in which the abandonment expenditure is incurred;

“former participator” means a person who—

    - (a) is not a current participator, but
    - (b) was, by virtue of paragraph (a), [<sup>F334</sup>(aa), ] (b) or (c) of the definition in section 12, a participator in the relevant oil field in any chargeable period before the chargeable period in which the abandonment expenditure is incurred;

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“relevant agreement” has the meaning given by section 104(5)(a) of the Finance Act 1991;

“relevant oil field” means the oil field to which the abandonment expenditure relates;

“sum in default” means the amount of the payment which the defaulter is liable to make as mentioned in paragraph 2A(1)(a), [<sup>F335</sup>less so much of that payment as has been made by the defaulter]

- (3) For the purposes of paragraph 2A, a current participator is to be regarded as defaulting on a liability to make a payment towards abandonment expenditure if the following conditions are met.
- (4) The first condition is that the current participator has failed to make the payment in full on the due day.
- (5) The second condition is that—
- (a) any of the payment remains unpaid on the sixtieth day after the due day, or
  - (b) before that sixtieth day, the current participator's interest in a relevant licence becomes liable under the relevant agreement to be sold or forfeited, in whole or in part, by reason of the failure to meet the liability.
- (6) In sub-paragraphs (4) and (5) “due day” means the day on which the payment towards abandonment expenditure becomes due under the relevant agreement or the abandonment programme.]

#### Textual Amendments

**F331** Sch. 5 paras. 2A-2C substituted for Sch. 5 para. 2A (with effect in accordance with s. 103(2) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 103\(1\)](#)

**F333** Word in Sch. 5 para. 2C(2) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 42 para. 3\(a\)](#)

**F334** Word in Sch. 5 para. 2C(2) inserted (with effect in accordance with Sch. 42 para. 4 of the amending Act) by [Finance Act 2009 \(c. 10\)](#), [Sch. 42 para. 3\(b\)](#)

**F335** Words in [Sch. 5 para. 2C\(2\)](#) substituted (with effect in accordance with Sch. 31 para. 23 of the amending Act) by [Finance Act 2013 \(c. 29\)](#), [Sch. 31 para. 4](#)

- 3 (1) The Board shall by notice in writing to the responsible person inform him of their decision on the claim, stating in the notice—
- (a) the amount of the expenditure allowed by them on the claim;
  - (b) the amount, if any, of that expenditure allowed by them on the claim as qualifying for supplement under section 2(9)(b)(ii) of this Act; and
  - (c) the shares determined by the Board to be the shares in which, in the opinion of the Board, the amount stated under (a) above or, as the case may be, the aggregate of that amount and an amount equal to the relevant percentage of the amount stated under (b) above, is divisible between the participators for the purposes of section 2(9)(b) of this Act;
- and where the decision relates to part only of the expenditure claimed, or claimed as so qualifying, the Board shall give a further notice or notices in relation to the remainder.
- (2) In this paragraph “the relevant percentage” means the percentage mentioned in the said section 2(9)(b)(ii).

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**Modifications etc. (not altering text)**

**C127** See Finance (No. 2) Act 1979 (c. 47), s. 19(4) where more than one rate of uplift applies; Finance Act 1981 (c. 35), s. 111(6)

**C128** See Finance (No. 2) Act 1979 (c. 47), s. 19 where more than one rate of uplift applies

- 4 If, in a case where sub-paragraph (5) of paragraph 2 above requires a claim made for a particular claim period to give all such information as is relevant for the purpose there mentioned in relation to an asset, a claim satisfying the requirements of that sub-paragraph is not made within twelve months after the end of that period, then, in carrying into effect the provisions of section 4 of this Act in relation to that asset for that claim period, the Board may proceed according to the best of their judgment, and may make any adjustments under any of the provisions mentioned in paragraph 6(2) of Schedule 4 to this Act accordingly.

**Modifications etc. (not altering text)**

**C129** See Oil Taxation Act 1983 (c. 56), s. 5(7)

*Appeals*

- 5 (1) If—
- (a) the amount or total of the amounts stated under sub-paragraph (1)(a) of paragraph 4 above in the notice or notices given by the Board under that paragraph on a claim, or the amount or total of the amounts so stated under sub-paragraph (1)(b) of that paragraph, is less than the amount claimed; or
  - (b) the shares so stated under sub-paragraph (1)(c) of that paragraph in the notice or latest of the notices so given differ from the shares stated under paragraph 2(4)(b) above in the claim,
- the responsible person may [<sup>F336</sup>appeal] by notice in writing given to the Board not more than three years after the making of the claim <sup>F337</sup>...; but the bringing of an appeal under this paragraph shall not affect the operation of any notice so given by the Board.
- (2) On an appeal [<sup>F338</sup>that is notified to the tribunal] against a decision on a claim brought on the ground mentioned in sub-paragraph (1)(b) above, and in any proceedings arising out of such an appeal, any participator in the oil field to which the claim relates shall be entitled to [<sup>F339</sup>be a party].
  - (3) An appeal against a decision on a claim may at any time [<sup>F340</sup>before it is notified to the tribunal] be abandoned by a notice in writing given to the Board by the responsible person.
  - (4) On an appeal [<sup>F341</sup>that is notified to the tribunal] against a decision on a claim, the [<sup>F342</sup>tribunal] may vary the decision appealed against whether or not the variation is to the advantage of all or any of the participators in the oil field to which the claim relates.
- [<sup>F343</sup>(5) The provisions of paragraphs 14A to 14I of Schedule 2 shall apply to appeals under this paragraph subject to any necessary modifications.]



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### Textual Amendments

- F336** Word in Sch. 5 para. 5(1) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(2)(a)**
- F337** Words in Sch. 5 para. 5(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(2)(b)**
- F338** Words in Sch. 5 para. 5(2) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(3)(a)**
- F339** Words in Sch. 5 para. 5(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(3)(b)**
- F340** Words in Sch. 5 para. 5(3) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(4)**
- F341** Words in Sch. 5 para. 5(4) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(5)(a)**
- F342** Word in Sch. 5 para. 5(4) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(5)(b)**
- F343** Sch. 5 para. 5(5) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 77(6)**

### Modifications etc. (not altering text)

- C130** See [Finance \(No. 2\) Act 1979 \(c. 47\)](#), s. 19 where more than one rate of uplift applies

- 6 (1) Where the responsible person gives notice of appeal against a decision on a claim on one or both of the grounds mentioned in paragraph 5(1)(a) above and, before the appeal is determined by the [<sup>F344</sup>tribunal], the Board and the responsible person agree on—

- (a) the amount of the expenditure that ought to be allowed on the claim; or
- (b) the amount, if any, of the expenditure claimed which ought to be so allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act,

the appropriate amount (if any) of the expenditure claimed or, as the case may be, claimed as so qualifying shall be treated for the purposes of this Part of this Act as having been allowed by the Board on the claim, and as having been so allowed on the date on which the notice of appeal was given.

For the purposes of this sub-paragraph the appropriate amount (if any) of the expenditure claimed or, as the case may be, claimed as so qualifying, is an amount thereof equal to the excess, if any, of the amount so agreed on over the corresponding amount or the total of the corresponding amounts allowed by the notice or notices previously given by the Board under paragraph 3 above.

- (2) Where the responsible person gives notice of appeal against a decision on a claim on the ground mentioned in paragraph 5(1)(b) above and, before the appeal is determined by the [<sup>F345</sup>tribunal], the Board and the responsible person agree on the shares in which the amount of any expenditure allowed on the claim, or so allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act, ought to be divided between the participators for the purposes of section 2(9)(b) of this Act, the shares so agreed on shall be deemed to be the shares stated in any notice previously given by the Board under paragraph 3 above on the claim, and shall apply in the case of any part of the expenditure claimed, or claimed as so qualifying, which is by virtue of this or the following paragraph treated as having been allowed on the claim;



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- (3) Where the Board and the responsible person agree on the matter mentioned in sub-paragraph (1)(a), sub-paragraph (1)(b) or sub-paragraph (2) above in the circumstances there mentioned, the corresponding ground of appeal shall be treated as having been abandoned; and where by virtue of this sub-paragraph all the grounds of the appeal fall to be so treated, the appeal itself shall be treated as having been abandoned.

#### Textual Amendments

**F344** Word in Sch. 5 para. 6(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 78**

**F345** Word in Sch. 5 para. 6(2) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 78**

#### Modifications etc. (not altering text)

**C131** See [Finance \(No. 2\) Act 1979 \(c. 47\)](#), s. 19 where more than one rate of uplift applies

- 7 (1) Where<sup>[F346]</sup> on an appeal under paragraph 5 above <sup>[F347]</sup>that is notified to the tribunal, the tribunal determines] that any amount or part of an amount in dispute is allowable under section 3 or 4 of this Act or qualifies for supplement under section 2(9)(b)(ii) of this Act, the following provisions of this paragraph shall apply;
- (2) Subject to paragraph 8(2) below, the said amount or part shall be treated for the purposes of this Part of this Act as having been allowed on the claim to which the appeal relates, and as having been so allowed on the date on which the notice of appeal was given.
- (3) There shall be made in any computation made under section 2 of this Act, and in any assessment to tax or determination, all such adjustments as are necessary in consequence of the determination of the <sup>[F348]</sup>tribunal].

#### Textual Amendments

**F346** Punctuation in Sch. 5 para. 7(1) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 79(2)(a)**

**F347** Words in Sch. 5 para. 7(1) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 79(2)(b)**

**F348** Word in Sch. 5 para. 7(3) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 79(3)**

#### Modifications etc. (not altering text)

**C132** See [Oil Taxation Act 1983 \(c. 56\)](#), s. 3(6)

**C133** See [Finance \(No. 2\) Act 1979 \(c. 47\)](#), s. 19 where more than one rate of uplift applies

- 8 (1) Where—
- <sup>[F349]</sup>(a) an appeal is made against a determination by the tribunal on an appeal under paragraph 5 above; and]
- (b) in the proceedings on the <sup>[F350]</sup>appeal so made], or in any proceedings arising out of those proceedings, any matter which was determined by the <sup>[F351]</sup>tribunal] on <sup>[F352]</sup>the appeal under paragraph 5 above] is finally

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determined otherwise than in accordance with their determination on that appeal,

the following provisions of this paragraph shall apply.

- (2) Any expenditure allowable under section 3 or 4 of this Act, which, if the decision of the Board on the claim to which the appeal under paragraph 5 above related had been in accordance with the final determination of that matter, would have been allowed by that decision, or allowed by it as qualifying for supplement under section 2(9)(b) (ii) of this Act, shall be treated for the purposes of this Part of this Act as having been allowed by the Board on the claim to the extent that it has not been previously allowed on the claim, and as having been so allowed to that extent on the date on which the original notice of appeal was given under paragraph 5 above.
- (3) There shall be made in any computation made under section 2 of this Act and in any assessment to tax or determination all such adjustments or further adjustments as are necessary in consequence of the final determination.
- (4) Any tax which becomes payable in consequence of any adjustment made under subparagraph (3) above in an assessment for a chargeable period shall carry interest at the [<sup>F353</sup>rate applicable under section 178 of the Finance Act 1989] from [<sup>F354</sup>two months] after the end of that period to the date of payment.
- (5) For the purposes of this paragraph a matter shall not be deemed to be finally determined in any such proceedings as are mentioned in subparagraph (1)(b) above until a determination thereof made in any such proceedings can no longer be varied or overruled by the order of any court [<sup>F355</sup>or the tribunal].

#### Textual Amendments

- F349** Sch. 5 para. 8(1)(a) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 80(2)**
- F350** Words in Sch. 5 para. 8(1)(b) substituted (1.9.1994) by [S.I. 1994/1813](#), reg. 2(1), **Sch. 1 para. 19(b)(i)**
- F351** Word in Sch. 5 para. 8(1)(b) substituted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 80(3)**
- F352** Words in Sch. 5 para. 8(1)(b) substituted (1.9.1994) by [S.I. 1994/1813](#), reg. 2(1), **Sch. 1 para. 19(b)(ii)**
- F353** Words substituted by [Finance Act 1989 \(c. 26\)](#), s. 179(1)(4) and [S.I. 1989 No. 1298 \(C. 44\)](#) for periods beginning on or after 18 August 1989
- F354** Words substituted by [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\)](#), s. 2 in relation to tax charged for any period ending on or after 31 December 1979
- F355** Words in Sch. 5 para. 8(5) added (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 80(4)**

#### Modifications etc. (not altering text)

- C134** See [Oil Taxation Act 1983 \(c. 56\)](#), s. 3(6)
- C135** A rate of 12 per cent. prescribed by [S.I. 1979 No. 1687](#) was extended to Sch. 5 para. 8(4) by [Petroleum Revenue Tax Act 1980 \(c. 1, SIF 63:1\)](#), s. 2(3) from 1 January 1980, reduced to 8 per cent. by [S.I. 1982 No. 1587](#) from 1 December 1982 and increased to 11 per cent. by [S.I. 1985 No. 563](#) from 1 May 1985. See also [S.I. 1989 No. 1297](#) for regulations made and interest rates set under [Finance Act 1989 \(c. 26\)](#), s. 178

- [<sup>F356</sup>9] (1) If [<sup>F357</sup>... it appears to the Board that the relevant amount was incorrectly stated [<sup>F358</sup>in a notice of a decision under paragraph 3 above given to the responsible person for an oil field], the Board may before the expiry of [<sup>F359</sup>the permitted period] serve on

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the responsible Person a notice stating what appears to the Board to be the correct amount (referred to below as “the notice of variation”).

<sup>F360</sup>(1A) .....

<sup>F360</sup>(1B) .....

<sup>F360</sup>(1C) .....

- (2) In this paragraph “the relevant amount”, in relation to a notice of a decision on a claim under paragraph 3 above, means any one or more of the following—
- (a) the amount of expenditure allowed on the claim;
  - (b) the amount of that expenditure allowed as qualifying for supplement under section 2(9)(b)(ii) of this Act;
  - (c) where different percentages were stated in that notice to apply to different parts of that expenditure for the purpose of calculating the supplement, each of those parts of that expenditure.

<sup>F361</sup>(2A) .....

<sup>F362</sup>(2B) [ In this paragraph “permitted period” means the period of 4 years beginning with the date on which the notice of the decision under paragraph 3 was given (but see sub-paragraph (2C)).

- (2C) Where the relevant amount was overstated in the notice of decision as a result of an inaccuracy in a statement or declaration made by the responsible person (or a person acting on behalf of the responsible person) in connection with the claim—
- (a) if the inaccuracy was careless, the permitted period is extended to 6 years, and
  - (b) if the inaccuracy was deliberate, the permitted period is extended to 20 years.]

(3) The responsible person may, by notice in writing given to the Board not more than thirty days after the notice of variation was served on him, appeal <sup>F363</sup>... against the notice of variation.

(4) A notice of appeal under sub-paragraph (3) shall state the grounds on which the appeal is brought.

(5) An appeal under this paragraph may at any time [<sup>F364</sup>before it is notified to the tribunal] be abandoned by notice in writing given to the Board by the responsible person.

(6) A notice of variation may be withdrawn at any time before it becomes effective.

- (7) In any case where—
- (a) the responsible person gives notice of appeal against a notice of variation, and
  - (b) before the appeal is determined by the [<sup>F365</sup>tribunal], the Board and the responsible person agree as to what the relevant amount ought to be,
- the notice of variation shall have effect subject to such modifications as may be necessary to give effect to that agreement; and thereupon the appeal shall be treated as having been abandoned.

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- (8) On an appeal [<sup>F366</sup>that is notified to the tribunal] against a notice of variation the [<sup>F367</sup>tribunal] may vary the notice, quash the notice or dismiss the appeal; and the notice may be varied whether or not the variation is to the advantage of all or any of the participators in the oil field in question.
- (9) Where a notice of variation relating to a decision on a claim becomes effective, the relevant amount shall be taken for the purposes of this Part of this Act as having been reduced or increased, as the case may require, on the date on which notice of the decision was given, by such amount as may be necessary to give effect to that notice, and the Board may make such computations under section 2 of this Act and such assessments or determinations or such amendments of assessments or determinations as may be necessary in consequence of that reduction or increase.
- (10) A notice of variation becomes effective for the purposes of this paragraph either—
- (a) on the expiry of the period during which notice of appeal against the notice of variation may be given <sup>F368</sup>... under sub-paragraph (3) above without such notice of appeal being given; or
  - (b) where such notice of appeal is given, when the notice of variation can no longer be varied or quashed by the [<sup>F369</sup>tribunal] or by the order of any court.
- <sup>F370</sup>(11) .....
- [ For the purposes of this section, an inaccuracy in a statement or declaration made <sup>F371</sup>(12) by the responsible person (or a person acting on behalf of the responsible person) is careless if it is due to a failure by the person to take reasonable care.
- (13) An inaccuracy in a statement or declaration made by the responsible person (or a person acting on behalf of the responsible person) is to be treated as careless if—
- (a) the responsible person, the person who acted on behalf of the responsible person or any person who becomes the responsible person for the oil field after the statement or declaration is made discovers the inaccuracy some time after it is made, and
  - (b) that person fails to take reasonable steps to inform Her Majesty's Revenue and Customs.]]

#### Textual Amendments

- F356** Sch. 5 para. 9 added by [Finance Act 1983 \(c. 49\), s. 40\(1\)](#)
- F357** Words in Sch. 5 para. 9(1) omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(2\)\(a\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F358** Words in Sch. 5 para. 9(1) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(2\)\(b\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F359** Words in Sch. 5 para. 9(1) substituted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(2\)\(c\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F360** Sch. 5 para. 9(1A)-(1C) omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(3\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F361** Sch. 5 para. 9(2A) omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(3\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F362** Sch. 5 para. 9(2B)(2C) inserted (1.4.2011) by [Finance Act 2009 \(c. 10\), s. 99\(2\), Sch. 51 para. 24\(4\)](#); [S.I. 2010/867, art. 2\(2\)](#)
- F363** Words in Sch. 5 para. 9(3) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\), art. 1\(2\), Sch. 1 para. 81\(2\)](#)

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- F364** Words in Sch. 5 para. 9(5) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(3)**
- F365** Word in Sch. 5 para. 9(7) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(4)**
- F366** Words in Sch. 5 para. 9(8) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(5)(a)**
- F367** Word in Sch. 5 para. 9(8) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(5)(b)**
- F368** Words in Sch. 5 para. 9(10)(a) omitted (1.4.2009) by virtue of The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(6)**
- F369** Word in Sch. 5 para. 9(10)(b) substituted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 81(7)**
- F370** Sch. 5 para. 9(11) omitted (1.4.2011) by virtue of Finance Act 2009 (c. 10), s. 99(2), **Sch. 51 para. 24(5)**; S.I. 2010/867, art. 2(2)
- F371** Sch. 5 para. 9(12)(13) inserted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), **Sch. 51 para. 24(6)**; S.I. 2010/867, art. 2(2)

#### Modifications etc. (not altering text)

- C136** See Oil Taxation Act 1983 (c. 56), s. 14 in relation to the re-opening of decisions for claim periods ending on or after 30 June 1982
- C137** Sch. 5 para. 9 modified (3.5.1994) by 1994 c. 9, ss. 231, 232(8)(a), 234, Sch. 22 paras. 9(4), 10, 11

[<sup>F372</sup>10 In this Schedule “tribunal” means the First-tier Tribunal or, where determined by or under Tribunal Procedure Rules, the Upper Tribunal.]

#### Textual Amendments

- F372** Sch. 5 para. 10 inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), **Sch. 1 para. 82**

## SCHEDULE 6

Sections 3 and 4.

### ALLOWANCE OF EXPENDITURE (OTHER THAN ABORTIVE EXPLORATION EXPENDITURE) ON CLAIM BY PARTICIPATOR

#### Modifications etc. (not altering text)

- C138** Sch. 6 extended with modifications by Finance Act 1991 (c. 31, SIF 63:1), s.108(6).

- 1 (1) A claim for the allowance of any expenditure allowable under section 3 or 4 of this Act for an oil field may be made to the Board under this Schedule by the participator who incurred it (instead of under Schedule 5 to this Act by the responsible person for that field) if the participator satisfies the Board that, for reasons of trade secrecy, it would be unreasonable for him to have to provide the responsible person with the information necessary for the making of a claim under that Schedule.
- (2) A claim by a participator under this Schedule for the allowance of any such expenditure incurred by him must, subject to the provisions of this Part of this Act, be made in a claim or claims for the claim period in which the expenditure is incurred,

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but may not be made before the determination of the field or more than [<sup>F373</sup>4 years] after the end of the claim period in which the expenditure is incurred.

- (3) A claim by a participator under this Schedule for the allowance of any such expenditure incurred by him before he became a participator in the field must be made in a claim for the claim period in which he became a participator.

#### **Textual Amendments**

**F373** Words in Sch. 6 para. 1(2) substituted (1.4.2011) by Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 25(2); S.I. 2010/867, art. 2(2)

#### **Modifications etc. (not altering text)**

**C139** See Oil Taxation Act 1983 (c. 56), s. 3(6)

**C140** See Finance Act 1982 (c. 39), s. 135(1)(c) in relation to any case where oil was won before the date of determination

- 2 The provisions of Schedule 5 to this Act specified in the first column of the following Table shall apply in relation to a claim under this Schedule as they apply in relation to a claim under that Schedule subject to any modifications specified in the second column of that Table and with the substitution, for references to the responsible person, of references to the participator by whom the claim under this Schedule is made and, for references to section 2(9)(b)(ii) of this Act, of references to section 2(9)(c)(ii) of this Act.

TABLE

<i>Provisions applied</i>	<i>Modifications</i>
<b>Paragraph</b>	
2(3)	For the reference to this Schedule substitute a reference to Schedule 5 to this Act.
2(4)	Omit paragraph (b).
2(5)	
2(6)	
[ <sup>F374</sup> 2(7)]	[ <sup>F374</sup> F For the reference to paragraph 5 of Schedule 2 to this Act substitute a reference to paragraph 2 of that Schedule; for the reference to paragraph 2(1) of Schedule 5 to this Act substitute a reference to paragraph 1(2) of this Schedule.]
[ <sup>F374</sup> 2(8)]	
3(1)	Omit paragraph (c).
4	
5(1)	Omit paragraph (b).

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5(3)	
5(4)	For the reference to all or any of the participators substitute a reference to the participator by whom the claim is made.
[ <sup>F375</sup> 5(5)]	—]
6(1)	
6(3)	Omit the reference to paragraph 6(2).
7	
8	
9	<b>F376</b>
	. . .

#### Textual Amendments

- F374** Sch. 6 para. 2: entries inserted (27.7.1999 with application in relation to chargeable period ending on or after 30.6.1999) by 1999 c. 16, s. 102(5)(8)
- F375** Word in Sch. 6 para. 2 inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 83(2)**
- F376** Words in Sch. 6 para. 2 omitted (1.4.2011) by virtue of [Finance Act 2009 \(c. 10\)](#), s. 99(2), **Sch. 51 para. 25(3)**; S.I. 2010/867, art. 2(2)

## SCHEDULE 7

Section 5.

### ALLOWANCE OF ABORTIVE EXPLORATION EXPENDITURE

- 1 (1) A claim for the allowance, in connection with an oil field,
- [<sup>F377</sup>(a) of any abortive exploration expenditure allowable under section 5 of this Act, or
  - (b) of any exploration and appraisal expenditure allowable under section 5A of this Act], [<sup>F378</sup>or]
  - [<sup>F379</sup>(c) of any research expenditure allowable under section 5B of this Act]
- in the case of a participator in that field must be made by the participator to the Board, . . . <sup>F380</sup>
- (2) Where a claim under this Schedule has been made and the participator by whom it was made subsequently discovers that an error or mistake has been made in the claim, he may make a supplementary claim . . . <sup>F380</sup>
- (3) The provisions of Schedule 5 to this Act specified in the first column of the following Table shall apply in relation to a claim under this Schedule as they apply in relation to a claim under that Schedule, subject to any modifications specified in the second column of that Table and with the substitution, for references to the responsible person, of references to the participator by whom the claim under this Schedule is



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made and, for references to section 3 or 4 of this Act, of references to section 5 [<sup>F381</sup>or, as the case may be, section 5A [<sup>F382</sup>or section 5B]] of this Act.

TABLE

<i>Provisions applied</i>	<i>Modifications</i>
<b>Paragraph</b>	
2(6)	
3(1)	Omit paragraphs (b) and (c).
5(1)	Omit the words from “or the amount” to “(1)(b) of that paragraph” and paragraph (b).
5(3)	
5(4)	For the reference to all or any of the participators substitute a reference to the participator by whom the claim is made.
[ <sup>F383</sup> 5(5)]	—]
6(1)	For “one or both of the grounds” substitute “the ground”, and omit paragraph (b) and the words “or, as the case may be, claimed as so qualifying” (wherever occurring).
6(3)	Omit “sub-paragraph (1)(b) or sub-paragraph (2)”, and for the words from “the corresponding” to “itself” substitute “the appeal”.
7	In sub-paragraph (1), omit the words from “or qualifies” to “2(9)(b)(ii) of this Act”.
8	In sub-paragraph (2), omit the words from “or allowed by it” to “section 2(9)(b)(ii) of this Act”.
[ <sup>F384</sup> 9]	[ <sup>F384</sup> <sup>F385</sup> .... In sub-paragraph (2) omit paragraphs (b) and (c) <sup>F385</sup> ..., in sub-paragraph (8) for the reference to all or any of the participators substitute a reference to the participator by whom the claim is made <sup>F386</sup> ....]

**Textual Amendments**

**F377** Sch. 7 para. 1(1)(a)(b) substituted for words by [Finance Act 1983 \(c. 49\), s. 37\(2\)](#) and Sch. 8 Part II para. 6(1)

**F378** Word inserted by [Finance Act 1987 \(c. 16\), s. 64\(2\)](#) and Sch. 13 Part II para. 5



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- F379** Sch. 7 para. 1(1)(c) inserted by Finance Act 1987 (c. 16), s. 64(2) and Sch. 13 Part II para. 5
- F380** Words repealed by Finance Act 1983 (c. 49), ss. 37(4), 48(5) and Sch. 10 Part III and deemed always to have been omitted
- F381** Words inserted by Finance Act 1983 (c. 49), s. 37(2) and Sch. 8 Part II para. 6(2)
- F382** Words inserted by Finance Act 1987 (c. 16), s. 64(2) and Sch. 13 Part II para. 5
- F383** Word in Sch. 7 para. 1(3) inserted (1.4.2009) by The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 (S.I. 2009/56), art. 1(2), Sch. 1 para. 84(2)
- F384** Words added by Finance Act 1987 (c. 16, SIF 63:1), s. 67
- F385** Words in Sch. 7 para. 1(3) omitted (1.4.2011) by virtue of Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 26(a); S.I. 2010/867, art. 2(2)
- F386** Words in Sch. 7 para. 1(3) omitted (1.4.2011) by virtue of Finance Act 2009 (c. 10), s. 99(2), Sch. 51 para. 26(b); S.I. 2010/867, art. 2(2)

## SCHEDULE 8

Section 6.

### ALLOWANCE OF UNRELIEVABLE FIELD LOSS

#### Modifications etc. (not altering text)

- C141** See also Finance Act 1982 (c. 39), s. 139(6) and Sch. 19 para. 17 as regards repayment of APRT

#### *Reference and determination of question of abandonment of oil field*

- 1 Where it appears to the responsible person for an oil field that the winning of oil from the field has permanently ceased he may by notice in writing given to the Board refer to them for their decision the question whether the winning of oil from that field has permanently ceased.
- 2 (1) The Board shall, by notice in writing given to the responsible person, inform him of their decision on the question and, if their decision is that the winning of oil has so ceased, shall state the date which they are satisfied is that on which the winning of oil from the field in question ceased.
- (2) The responsible person shall, within one month of his receiving a notice under sub-paragraph (1) above informing him of the Board's decision, furnish a copy of that notice to every person who was at any time a participator in the field in question.
- 3 (1) The responsible person may appeal <sup>F387</sup>... against the Board's decision by notice in writing given to the Board within three months of his receiving the notice under paragraph 2(1) above informing him thereof.
- (2) An appeal under sub-paragraph (1) above may at any time [<sup>F388</sup>before it is notified to the tribunal] be abandoned by notice in writing given to the Board by the responsible person.
- [<sup>F389</sup>(3) The provisions of paragraphs 14A to 14I of Schedule 2 shall apply to appeals under this paragraph subject to any necessary modifications.]

*Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1975. (See end of Document for details)*

#### Textual Amendments

- F387** Words in Sch. 8 para. 3(1) omitted (1.4.2009) by virtue of [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 85(2)**
- F388** Words in Sch. 8 para. 3(2) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 85(3)**
- F389** Sch. 8 para. 3(3) inserted (1.4.2009) by [The Transfer of Tribunal Functions and Revenue and Customs Appeals Order 2009 \(S.I. 2009/56\)](#), art. 1(2), **Sch. 1 para. 85(4)**

#### *Claims by participators for allowance of unrelievable field losses*

- 4 (1) A claim for the allowance, in connection with an oil field, of any unrelievable field loss allowable under section 6 of this Act in the case of a participator in that field must be made by the participator to the Board [<sup>F390</sup>at any time after]the date of the decision (whether of the Board or on appeal from the Board) that the winning of oil from the oilfield in the case of which the loss accrued has permanently ceased <sup>F391</sup> . . .
- (2) Where a claim under this Schedule has been made and the participator by whom it was made subsequently discovers that an error or mistake has been made in the claim, he may make a supplementary claim <sup>F392</sup> . . .
- (3) The provisions of Schedule 5 to this Act specified in the first column of the Table set out in paragraph 1(3) of Schedule 7 to this Act shall apply in relation to a claim under this Schedule as they apply in relation to a claim under the said Schedule 5, subject to any modifications specified in the second column of that Table and with the substitution, for references to the responsible person, of references to the participator by whom the claim under this Schedule is made, for references to the claiming or allowance of expenditure, of references to the claiming or allowance of an unrelievable field loss and, for references to section 3 or 4 of this Act, of references to section 6 of this Act.

#### Textual Amendments

- F390** Words in [Sch. 8 para. 4\(1\)](#) substituted (1.5.1995) by [1995 c. 4, s. 147\(1\)\(a\)](#)
- F391** Words in [Sch. 8 para. 4\(1\)](#) repealed (1.5.1995) by [1995 c. 4, ss. 147\(1\)\(2\), 162](#), **Sch.29 Pt. IX**
- F392** Words in [Sch. 8 para. 4\(2\)](#) repealed (1.5.1995) by [1995 c. 4, ss. 147\(1\)\(b\), 162](#), **Sch. 29 Pt. IX**

## SCHEDULE

9. . . . .

F393

#### Textual Amendments

- F393** [Sch. 9](#) repealed by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), **s. 844** and [Sch. 31](#)

**Changes to legislation:**

There are currently no known outstanding effects for the Oil Taxation Act 1975.