

## SCHEDULES

### SCHEDULE 2

Section 1.

#### MANAGEMENT AND COLLECTION OF PETROLEUM REVENUE TAX

##### *Management of tax*

- 1 (1) The tax shall be under the care and management of the Board; and the provisions of the 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

<i>Provisions applied</i>	<i>Modifications</i>
Section	
1(3)	—
4	—
33	In subsection (1), for the words from " year of assessment " to " in " substitute " chargeable period for ".  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	Omit the reference to section 41, after " default ", wherever occurring, insert " or any neglect " and at the end add the following paragraph—  “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

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<i>Provisions applied</i>	<i>Modifications</i>
	behalf of each of the participators in that field at that time.”
48	—
49(1)	—
50(1)(5)	Omit the proviso to subsection (5).
51	—
52	—
53	—
56	—
58(2)	—
(3)	Omit the references to section 59 and, for paragraphs (a) and (b), substitute "proceedings in Northern Ireland" means proceedings in respect of an oil field which is wholly situated in an area for which licences can be granted under the Petroleum (Production) Act (Northern Ireland) 1964 ".
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.
70(1)	—

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<i>Provisions applied</i>	<i>Modifications</i>
(2)	For the reference to section 86 or 87 substitute a reference to paragraph 15 of this Schedule.
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	Omit the Table, and for references to any of the provisions specified in the Table substitute references to section 51 as applied by this paragraph or to paragraph 7 of this Schedule.
99	—
100(1)	Omit the words from the beginning to " this section ".
(2)	—
(3)	Omit the reference to the General Commissioners.
(6)-(9)	—
101	For the reference to income or chargeable gains substitute a reference to assessable profits.
102	—
103(1)—(3)	Omit the proviso to subsection (2).
104	—
105	—
107(1)-(3)	—
108	In subsection (2), for the words from the beginning to " Acts " substitute " The tax chargeable ".
112	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 ".
113(1 A)..	—
(3)	After " assessment " insert " determination " and after " notice

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<i>Provisions applied</i>	<i>Modifications</i>
114	of assessment" insert " notice of determination ".
115(1)-(3)	After " assessment" wherever occurring insert " or determination ".
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 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.

*Returns by participators*

- 2 (1) Every participator in an oil field shall, for each chargeable period, prepare and, within two months after the end of the period, 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 the oil 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 at the material time in the calendar month in which the delivery was made; 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 at the material time in the calendar month in which the appropriation was made ; 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 Secretary of State in the period under the terms of a licence granted under the Petroleum (Production) Act 1934, the return shall state the total quantity of the oil;

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- (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 at the end of the period; and
    - (iii) contain such other particulars relating to the oil as the Board may prescribe.
  - (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 Secretary of State in that period under each relevant licence otherwise than by way of royalty.
  - (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.
- 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 Commissioners before whom 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 if the failure is remedied before proceedings for the recovery of the penalty are commenced.

*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 an oil field unless it is resident in the United Kingdom, and no partnership shall be so eligible unless all its members are resident there.

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- (3) The participators in an oil 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 sub-paragraph (3) above,
- the Board shall appoint one of the participators in the oil 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 the oil 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 an oil 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 an oil field, revoke the appointment of that body or partnership as the responsible person for that field ; and where they do so the Board shall appoint one of the participators in the oil 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 an oil field, means a person who is a licensee in respect of any licensed area wholly or partly included in the field.

*Returns by the responsible person*

- 5 (1) The responsible person for an oil field shall, for each chargeable period, prepare and, within one month after the end of the period, 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 the oil 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.
- (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.

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- 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 Commissioners before whom 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 sub-paragraph (1) above for failure to deliver a return if the failure is remedied before proceedings for the recovery of the penalty are commenced.

*Production of accounts, books and other information*

- 7 (1) Where a participator in or the responsible person for an oil field fails to deliver a return as required by paragraph 2 or, as the case may be, 5 above or the Board are not satisfied with a return delivered in pursuance of either of those paragraphs, the Board may, by notice in writing, require the participator or, as the case may be, the responsible person to do any of the following things, that is to say—
- (a) do deliver to the Board copies of such accounts (including balance sheets) relating to the field or to oil won therefrom as may be specified or described in the notice within such period as may be so specified, including, where the accounts have been audited, a copy of the auditor's certificate;
  - (b) to make available, within such time as may be specified in the notice, for inspection by an officer authorised by the Board all such books, accounts and documents in his possession or power as may be specified or described in the notice, being books, accounts and documents which contain information about transactions relating to the oil field or to oil won therefrom.
- (2) An authorised officer of the Board may take copies of, or make extracts from, any books, accounts or documents made available for his inspection under this paragraph.

*Incorrect returns, accounts, etc.*

- 8 (1) Where a participator in an oil field fraudulently or negligently—
- (a) delivers an incorrect return under paragraph 2 above ; or
  - (b) makes any incorrect statement or declaration in connection with any claim under this Part of this Act for the allowance of any expenditure or for any relief in respect of the tax; or
  - (c) submits to the Board or the Special Commissioners any incorrect accounts in connection with the ascertainment of the participator's liability to the tax, the participator shall be liable to a penalty not exceeding the aggregate of—
    - (i) £50, and
    - (ii) the amount or, in the case of fraud, twice the amount, of the difference specified in sub-paragraph (2) below.
- (2) The difference is that between—
- (a) the amount of tax payable by the participator—
    - (i) for the chargeable period to which the return relates ; or
    - (ii) for the next chargeable period ending after the allowance of the claim ; or

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- (iii) for the chargeable period or periods against which the relief is claimed ; or
  - (iv) for the chargeable period or periods for which the accounts are relevant, as the case may be ; and
  - (b) the amount which would have been the amount so payable if the return, statement, declaration or accounts as made or submitted by him had been correct.
- (3) Where the responsible person for an oil field fraudulently or negligently—
- (a) delivers an incorrect return under paragraph 5 above ; or
  - (b) makes any incorrect statement or declaration in connection with any claim under this Part of this Act for the allowance of any expenditure, the responsible person shall be liable to a penalty not exceeding £2,500 or, in the case of fraud on his part, £5,000.
- 9 (1) Where any such return, statement, declaration or accounts as are mentioned in paragraph 8 above were made or submitted by any person neither fraudulently nor negligently and it comes to his notice that they were incorrect, then, unless the error is remedied without unreasonable delay, the return, statement, declaration or accounts shall be treated as having been negligently made or submitted by the first-mentioned person.
- (2) Where any such return, statement, declaration or accounts were made or submitted by the responsible person for an oil field neither fraudulently nor negligently and it comes to the notice of any person who subsequently becomes the responsible person for that field that they were incorrect, then, unless the error is remedied without unreasonable delay, the return, statement, declaration or accounts shall be treated as having been negligently made or submitted by the responsible person to whose notice the incorrectness came.
- (3) For the purposes of paragraph 8 above, any accounts submitted on behalf of any person shall be deemed to have been submitted by that person unless he proves that they were submitted without his consent or connivance.

*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 an oil field, they shall make an assessment to tax on the participator and shall give him notice of the assessment.
- (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 an oil 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.



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- (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).
- 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,
- 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 adjustments in assessments or determinations for other chargeable periods as may be necessary in consequence of the exercise of those powers.
- (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 (notwithstanding anything in section 34 of the Taxes Management Act 1970 (ordinary time limit for assessments)) make a further assessment by virtue of sub-paragraph (1) above at any time not later than six years after the end of the chargeable period in which the allowable loss accrued.

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*Payment of tax*

- 13 Subject to paragraph 14 below, the tax charged in an assessment made on a participator for any chargeable period shall be payable by him four 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.

*Appeals*

- 14 (1) A participator may appeal to the Special Commissioners against an assessment or determination made on or in relation to him by notice of appeal in writing given to the Board within thirty days after the date of issue of the notice of assessment or determination.
- (2) The notice of appeal shall specify the grounds of appeal, but on the hearing of the appeal the Commissioners may allow the appellant to put forward any ground not specified in the notice, and may take it into consideration if satisfied that the omission was not wilful or unreasonable.
- (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—
    - (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 (b) 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

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- (b) were delivered before the end of the chargeable period to which the appeal relates.
- (8) The participator may at any time, if the Board 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 the Board 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 or determination or from a decision of the Board on a claim under section 33 of the Taxes Management Act 1970 as applied by paragraph 1 above, and
  - (b) the determination of the appeal by the Special Commissioners,
- the Board and the participator agree on the adjustments that should be made in the assessment or determination and on any consequential adjustments to other assessments or determinations, the Board may make the adjustments agreed on and thereupon the appeal shall be deemed to be abandoned.
- (10) If, on the appeal, it appears to a majority of the Commissioners present at the hearing that the assessable profit charged to tax by or stated in the assessment ought to have been larger or smaller, they shall amend the assessment accordingly or substitute for the assessment any determination which could have been made by the Board under paragraph 10 above, but otherwise the assessment shall stand good.
- (11) Save as otherwise provided by this Schedule (including the provisions applied by paragraph 1 above), the determination of the Special Commissioners in any proceedings under this Part of this Act shall be final and conclusive.

*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 rate of 9 per cent, per annum from four 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.
- 16 Where any amount of tax charged by an assessment to tax becomes repayable under any provision of this Part of this Act that amount shall carry interest at the rate of 9 per cent, per annum from four months after the end of the chargeable period for which the assessment was made until repayment.