



# Finance Act 1987

## 1987 CHAPTER 16

### PART V

#### OIL TAXATION

#### **62 Market value of oil to be determined on a monthly basis.**

- (1) In the following provisions of the principal Act (which refer to the market value of oil at the material time in a particular calendar month) the words “at the material time” shall be omitted—
- (a) in section 2 (assessable profits and allowable losses), in subsection (9), paragraphs (a)(i) and (a)(ii);
  - (b) in section 5A (allowance of exploration and appraisal expenditure), subsection (5B);
  - (c) in section 14 (valuation of oil disposed of or appropriated in certain circumstances), subsections (4) and (4A)(b); and
  - (d) in paragraph 2 of Schedule 2 (returns by participators), sub-paragraphs (2)(a)(iii) and (2)(b)(ii).
- (2) In the following provisions of the principal Act (which refer to the market value of stocks of oil at the end of a chargeable period) for the words “at the end” there shall be substituted “in the last calendar month”
- (a) section 2(4)(b);
  - (b) section 2(5)(d); and
  - <sup>F1</sup>(c) .....
- and in the provisions specified in paragraphs (a) and (b) above for the word “then” there shall be substituted “at the end of that period”.
- (3) In Schedule 3 to the principal Act (miscellaneous provisions relating to petroleum revenue tax) paragraphs 2, 2A and 3 (market value of oil) shall be amended in accordance with Part I of Schedule 11 to this Act; and the consequential amendments of the principal Act in Part II of that Schedule shall have effect.

[<sup>F2</sup>(3A) Subsection (4) applies to a participator in an oil field in any case where—

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- (a) paragraph 2 of Schedule 2 to the principal Act requires the participator to make a return for any chargeable period (including cases where the latest time for the delivery of that return is deferred), and
- (b) there are any relevant sales of Category 2 oil (as defined in subsection (6) below).]

[<sup>F3</sup>(4) In such a case, that participator shall also be required, not later than the end of the second month after the end of that chargeable period, to deliver to the Board a return of all relevant sales of Category 2 oil stating—]

- (a) the date of the contract of sale;
- (b) the name of the seller;
- (c) the name of the buyer;
- (d) the quantity of [<sup>F4</sup>Category 2 oil] actually sold and, if it is different, the quantity of [<sup>F4</sup>Category 2 oil] contracted to be sold;
- (e) the price receivable for that [<sup>F5</sup>Category 2 oil];
- (f) the date which, under the contract, was the date or, as the case may be, the latest date for delivery of the [<sup>F6</sup>Category 2 oil] and the date on which the [<sup>F6</sup>Category 2 oil] was actually delivered; and
- (g) such other particulars as the Board may prescribe.

(5) Where two or more companies which are participators in the same oil field are members of the same group of companies, within the meaning of section [<sup>F7</sup>413] of the Taxes Act, a return made for the purposes of subsection (4) above by one of them and expressed also to be made on behalf of the other or others shall be treated for the purposes of this section as a return made by each of them.

(6) For the purposes of the return required by subsection (4) above from a participator in an oil field, a relevant sale of [<sup>F8</sup>Category 2 oil] is a contract for the sale of [<sup>F8</sup>Category 2 oil][<sup>F9</sup>at arm’s length] to which the participator or any company which is resident in the United Kingdom and associated with the participator for the purposes of section 115(2) of the <sup>M1</sup>Finance Act 1984 is a party (as seller, buyer or otherwise), being a sale of [<sup>F8</sup>Category 2 oil]—

- (a) for delivery at any time during the chargeable period referred to in [<sup>F10</sup>subsection (3A)] above; and
- [<sup>F11</sup>(b) details of which are not included in a return for the period under paragraph 2 of Schedule 2 to the principal Act which is delivered to the Board at the same time as the return required by subsection (4) above or which was delivered to them previously; and]
- (c) which is for the delivery of at least 500 metric tonnes of [<sup>F12</sup>Category 2 oil];

<sup>F13</sup>(d) ...

(7) A return under subsection (4) above shall be in such form as the Board may prescribe and shall include a declaration that the return is correct and complete; and if a participator fails to deliver a return under that subsection 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 the [<sup>F14</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;

except that a participator shall not be liable to a penalty under this subsection if the failure is remedied before proceedings for the recovery of the penalty are commenced.

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(8) Where a participator fraudulently or negligently delivers an incorrect return under subsection (4) above, he shall be liable to a penalty not exceeding £2,500 or, in the case of fraud, £5,000.

[<sup>F15</sup>(8A) For provision about the meaning of “Category 2 oil”, see paragraph 2 of Schedule 3 to the principal Act (which applies by virtue of section 72(6) below).]

(9) This section has effect with respect to chargeable periods ending after 31st December 1986.

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#### Textual Amendments

- F1** S. 62(2)(c) repealed (with effect in accordance with Sch. 26 Pt. 5(1) Note 2 of the amending Act) by [Finance Act 2006 \(c. 25\)](#), [Sch. 26 Pt. 5\(1\)](#)
- F2** S. 62(3A) inserted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(2\)](#)
- F3** Words in s. 62(4) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(3\)](#)
- F4** Words in s. 62(4)(d) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(4\)](#)
- F5** Words in s. 62(4)(e) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(4\)](#)
- F6** Words in s. 62(4)(f) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(4\)](#)
- F7** [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 32](#)
- F8** Words in s. 62(6) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(5\)\(a\)](#)
- F9** [Finance \(No. 2\) Act 1987 \(c. 51, SIF 63:1\)](#), [s. 101\(2\)\(5\)](#) for chargeable periods ending after 1 January 1987
- F10** Words in s. 62(6)(a) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(5\)\(b\)](#)
- F11** S. 62(6)(b) substituted (27.7.1999 with effect in relation to chargeable periods ending on or after 30.6.1999) by [1999 c. 16](#), [s. 102\(7\)\(8\)](#)
- F12** Words in s. 62(6)(c) substituted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(5\)\(c\)](#)
- F13** S. 62(6)(d) and word preceding it omitted (with effect in accordance with s. 106(7) of the amending Act) by virtue of [Finance Act 2008 \(c. 9\)](#), [s. 106\(5\)\(d\)](#)
- F14** Words in s. 62(7)(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. 127](#)
- F15** S. 62(8A) inserted (with effect in accordance with s. 106(7) of the amending Act) by [Finance Act 2008 \(c. 9\)](#), [s. 106\(6\)](#)

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#### Marginal Citations

- M1** [1984 c. 43](#).

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 1987, Section 62.