



Finance Act 1994

1994 CHAPTER 9

PART V

OIL TAXATION

CHAPTER I

ELECTION BY REFERENCE TO PIPE-LINE USAGE

231 Election by reference to pipe-line with excess capacity.

- (1) The provisions of this Chapter apply where, on or before 1st January 1996, a participator in a taxable field makes, in accordance with Part I of Schedule 22 to this Act, an election with respect to that field by reference to a pipe-line—
 - (a) which is a qualifying asset;
 - (b) which is used or intended to be used for transporting oil in circumstances which give rise or are expected to give rise to tariff receipts;
 - (c) which, at the date of the election, is at least 25 kilometres in length; and
 - (d) for which the initial usage fraction does not exceed one-half.
- (2) A participator may not make an election—
 - (a) unless the field to which the election applies is (or, as the case may be, is intended to be) the chargeable field in relation to the tariff receipts referred to in subsection (1)(b) above; or
 - (b) if the first chargeable period of that field ended on or before 30th June 1982; or
 - (c) if the participator's net profit period with respect to that field ended on or before 30th June 1993;

and for the purposes of paragraph (c) above no account shall be taken of the operation of section 113 of the ^{M1}Finance Act 1981 (loss following net profit period).

Changes to legislation: *Finance Act 1994, Section 231 is up to date with all changes known to be in force on or before 25 April 2024. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

- (3) If there is more than one pipe-line by reference to which the electing participator could, apart from this subsection, make an election (with respect to the same field) he may make an election only by reference to that pipe-line which is the longer or longest.
- (4) In this Chapter, in relation to a pipe-line or an election made by reference to a pipe-line, “the initial usage fraction” means the fraction of which—
- (a) the numerator is the daily contracted and production throughput of oil in relation to the pipe-line on 16th March 1993; and
 - (b) the denominator is the design capacity of the pipe-line, expressed on a daily basis.
- (5) Subject to subsection (6) below, where an election is in operation it shall apply to all those assets which, by reference to the field to which the election applies, are at the date of the election or subsequently become—
- (a) qualifying assets in relation to the electing participator; and
 - (b) assets to which are or are expected to be referable any tariff receipts of the electing participator attributable to that field.
- (6) If the electing participator specifies in his election that the election is to be limited to oil which is, or is expected to be, transported by the pipe-line by reference to which the election is made, the election shall apply only to such of the assets referred to in subsection (5) above as, in whole or in part, are or subsequently become used in connection with that oil.
- (7) For the purposes of this Chapter, unless it is just and reasonable to determine some other quantity of oil, the daily contracted and production throughput of oil in relation to a pipe-line on 16th March 1993 is the aggregate of—
- (a) the maximum daily capacity specified in contracts then in force for the use of the pipe-line (whether at that date or in the future) for transporting oil won from any taxable field (including the field to which the election applies); and
 - (b) the maximum expected daily throughput, otherwise than pursuant to such contracts, of oil transported by the pipe-line and won from the field to which the election applies or any other taxable field, being the throughput ascertained by reference to what was at that date the most recent development plan applicable to the field to which the election applies or, as the case may be, the other taxable field.
- (8) For the purposes of this Chapter, unless it is just and reasonable to determine some other capacity, the design capacity of a pipe-line is that which is specified for the pipe-line as a whole in what was, on 16th March 1993, the most recent development plan applicable to the field to which the election applies or, as the case may be, the pipe-line itself.

Marginal Citations

M1 1981 c. 35.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 16A(2)(g) inserted by [2023 c. 30 Sch. 13 para. 28](#)
- s. 160(2)-(7) modified by 2010 c. 8 s. 464(6) (as inserted) by [2017 c. 32 Sch. 5 para. 1](#)
- Sch. 5 para. 2(1)(pa) inserted by [S.I. 2022/109 reg. 4](#) (This amendment not applied to [legislation.gov.uk](#). The affecting statutory instrument has no legal effect. It was made under a procedure which meant that it ceased to have effect 28 days after signing unless it was debated and approved in Parliament within that time. It was not debated and approved within 28 days, so it has expired with no effect.)