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**Changes to legislation:** Finance Act 2004, Paragraph 9 is up to date with all changes known to be in force on or before 03 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

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## SCHEDULES

### SCHEDULE 37

#### OIL TAXATION: TAX-EXEMPT TARIFFING RECEIPTS AND ASSETS PRODUCING THEM

#### PART 2

##### TRANSITIONAL PROVISION

*Expenditure incurred in transitional period: restriction of tax-exempt tariffing receipts*

- 9 (1) In this paragraph—
- “claim period” has the same meaning as in Part 1 of the Oil Taxation Act 1975 (c. 22);
  - “relevant receipts” means each of the following—
    - (a) tax-exempt tariffing receipts;
    - (b) amounts that would be tax-exempt tariffing receipts apart from sub-paragraph (4);
  - “the transitional period” means the period—
    - (a) beginning with 9th April 2003, and
    - (b) ending with 31st December 2003.
- (2) This paragraph applies where—
- (a) expenditure was incurred in the transitional period by a participator in an oil field in acquiring, bringing into existence or enhancing the value of an asset,
  - (b) the asset is one whose useful life continues, or is expected to continue, after the end of the claim period in which the expenditure was incurred,
  - (c) the expenditure is allowable for a claim period ending after 9th April 2003,
  - (d) at the time the expenditure was incurred, the asset was being, or was expected to be, used to any extent in relation to—
    - (i) an oil field or foreign field (a “user field”), or
    - (ii) oil won from such a field, and
  - (e) that use (or expected use) is use in such a way as, in a chargeable period ending on or after 30th June 2004, gives rise, or would have given rise, to relevant receipts of the participator or, where sub-paragraph (3) applies, of a successor.
- (3) This sub-paragraph applies where—
- (a) after the incurring of the expenditure, there is or has been a transfer of an interest of the participator’s in the asset, and
  - (b) as a result of that transfer (or of any subsequent transfer of the whole or any part of that interest), relevant receipts (“consequential relevant receipts”) arise, or are expected to arise, to a person (a “successor”) who is a participator in an oil field.

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- (4) In the case of each user field, the initial portion of the aggregate of the relevant receipts of the participator, and the consequential relevant receipts of each successor, that are referable to—
- (a) use of the asset in relation to that field or oil won from it, or
  - (b) the provision of services or other business facilities of whatever kind in connection with any such use of the asset (otherwise than by the participator or the successor himself),
- shall not be tax-exempt tariffing receipts (and shall accordingly continue to be tariff receipts).
- (5) In this paragraph—
- “the initial portion”, in relation to the aggregate of any relevant receipts, means so much of that aggregate as does not exceed the qualifying threshold for the user field in question; and for this purpose amounts received or receivable at an earlier date are to be attributed to the initial portion before amounts received or receivable at a later date;
- “the qualifying threshold”, in relation to a user field, means an amount equal to such part of the aggregate of the expenditure—
- (a) incurred by the participator in relation to the asset in question, and
  - (b) falling within sub-paragraph (2),
- as it is just and reasonable to apportion to the use (or expected use) of the asset, in relation to that user field or oil won from it, in a way that gives rise to relevant receipts of the participator or consequential relevant receipts of any successor.
- (6) Expressions used in this paragraph and in section 6A of the Oil Taxation Act 1983 (c. 56) have the same meaning in this paragraph as they have in that section.

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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. 236ZA inserted by [S.I. 2024/357 art. 2\(2\)](#)