



Finance Act 1982

1982 CHAPTER 39

PART VI **U.K.**

OIL TAXATION

CHAPTER I **U.K.**

GENERAL

132 Increase of petroleum revenue tax and ending of supplementary petroleum duty. **U.K.**

- (1) With respect to chargeable periods ending after 31st December 1982, section 1(2) of the principal Act (rate of petroleum revenue tax) shall be amended by substituting for the words “70 per cent.” the words “75 per cent.”.
- (2) At the end of subsection (5) of section 122 of the ^{M1}Finance Act 1981 (the chargeable periods for which supplementary petroleum duty is chargeable) for the words “and 30th June 1982” there shall be substituted the words “30th June 1982 and 31st December 1982 and to no other periods”.

Modifications etc. (not altering text)

- C1** Part of the text of ss. 132(2), 133(1) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Marginal Citations

- M1** 1981 c. 35.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Part VI. (See end of Document for details)

133 Export sales of gas. **U.K.**

- (1) In section 2 of the principal Act (assessable profits and allowable losses) at the beginning of subsection (5) there shall be inserted the words “ Subject to subsection (5A) below ” and at the end of that subsection there shall be inserted the following subsection—

“(5A) In any case where oil consisting of gas 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 gas from a place on land in the United Kingdom for delivery at a place 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 gas shall be deemed to be that for which it would have been sold, and
- (b) the gas shall be deemed to be delivered at the time it would have been delivered,

if the terms of the contract required the gas to be delivered as mentioned in paragraph 2(2)(b) of Schedule 3 to this Act and did not require the seller to meet any such costs as are mentioned above.”

- (2) In section 122(3) of the ^{M2}Finance Act 1981 (gross profit for Purposes of supplementary petroleum duty) for “2(4) and (5)” there shall be substituted “ 2(4) to (5A) ”.
- (3) This section has effect with respect to chargeable periods ending after 31st December 1981.

Modifications etc. (not altering text)

- C2** Part of the text of ss. 132(2), 133(1) is in the form in which it was originally enacted: it was not reproduced in Statutes in Force and does not reflect any amendments or repeals which may have been made prior to 1.2.1991

Marginal Citations

- M2** 1981 c. 35.

134 Alternative valuation of ethane used for petrochemical purposes. **U.K.**

- (1) Where an election is made under this section and accepted by the Board, the market value for taxation purposes of any ethane to which the election applies shall be determined, not in accordance with paragraphs 2, 2A and 3 of Schedule 3 to the principal Act (value under a notional contract), but in accordance with a price formula specified in the election; and, in relation to any such ethane, any reference to market value in any other provision of the principal Act [^{F1}, in Part 8 of the Corporation Tax Act 2010][^{F2} or in [^{F3}Chapter 16A of Part 2 of the Income Tax (Trading and Other Income) Act 2005]] shall be construed accordingly.
- (2) Subject to subsection (3) below, an election under this section [^{F4} must be made before 1st January 1994 and] applies only to ethane—
- (a) which, during the period covered by the election, is either disposed of otherwise than in sales at arm’s length or relevantly appropriated; and

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- (b) which is used or to be used for petrochemical purposes by or on behalf of the person to whom it is so disposed of or, as the case may be, by or on behalf of the participator by whom it is appropriated; and
 - (c) which is not subjected to fractionation between the time at which it is disposed of or appropriated as mentioned in paragraph (a) above and the time at which it is used as mentioned in paragraph (b) above.
- (3) In any case where—
- (a) at a time during the period covered by an election, market value falls to be determined for ethane to which subsection (4)(b) or subsection (5)(d) of section 2 of the principal Act applies (oil stocks at the end of chargeable periods), and
 - (b) after the expiry of the chargeable period in question, the ethane is disposed of or appropriated and used as mentioned in subsection (2) above,
- the market value of that ethane at the time referred to in paragraph (a) above shall be determined as if it were then ethane to which the election applies.
- (4) Where any ethane is used principally for the petro-chemical purposes specified in the election but some of it is used for fuel, as an incident of the principal use, the whole of it shall be regarded as ethane to which the election applies; but, subject thereto, the market value of ethane used otherwise than for those purposes shall be determined as if no election had been made.
- (5) The provisions of Schedule 18 to this Act shall have effect for supplementing this section.
- (6) In the preceding provisions of this section—
- (a) “ethane” means oil consisting of gas of which the largest component by volume over any chargeable period is ethane and which—
 - (i) before being disposed of or appropriated as mentioned in subsection (2)(a) above either is not subjected to initial treatment or is subjected to initial treatment which does not include fractionation, or
 - (ii) results from the fractionation of gas before it is disposed of or relevantly appropriated;
 - (b) “taxation purposes” means the purposes of Part I of the principal Act and of Part VIII of the ^{M3} Finance Act 1981 (supplementary petroleum duty).
- (7) In this section “fractionation” means the treatment of gas in order to separate gas of one or more kinds as mentioned in Paragraph 2A(3) of Schedule 3 to the principal Act; and for the purposes of subsection (6)(a) above,—
- (a) the proportion of ethane in any gas shall be determined at a temperature of 15 degrees centigrade and at a pressure of one atmosphere; and
 - (b) “component” means ethane, methane or liquified petroleum gas.

Textual Amendments

- F1** Words in s. 134(1) 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. 177](#) (with [Sch. 2](#))
- F2** Words inserted by [Income and Corporation Taxes Act 1988 \(c. 1, SIF 63:1\)](#), [Sch. 29 para. 29](#)
- F3** Words in s. 134(1) 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. 8 para. 178](#) (with [Sch. 9 paras. 1-9, 22](#))
- F4** Words in s. 134(2) inserted (3.5.1994) by [1994 c. 9, s. 236\(3\)\(a\)](#)

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Part VI. (See end of Document for details)

Modifications etc. (not altering text)

C3 S. 134 restricted (3.5.1994) by [1994 c. 9, s. 236\(3\)](#)

Marginal Citations

M3 [1981 c. 35.](#)

135 Determination of oil fields. U.K.

- (1) In any case where a determination of an oil field is made under Schedule 1 to the principal Act and before the date of the determination oil has been won from the oil field so determined,—
- (a) Part I of the principal Act, except Schedule 7, and Part VIII of the ^{M4} Finance Act 1981 (supplementary petroleum duty) shall apply as if the determination had been made immediately before oil was first won from the field;
 - (b) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of a chargeable period for the oil field, then as respects that chargeable period sections 33(1) and 34 of the ^{M5} Taxes Management Act 1970 (in their application by virtue of paragraph 1 of Schedule 2 to the principal Act), paragraphs 2(1), 5(1) and 13 of Schedule 2 to the principal Act and paragraph 9 of Schedule 16 to the Finance Act 1981 shall have effect as if any reference to the end of a chargeable period were a reference to the actual date of the determination;
 - (c) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of a claim period in relation to the oil field, then as respects that claim period paragraph 2(1) of Schedule 5 to the principal Act and paragraph 1(2) of Schedule 6 to that Act shall have effect as if any reference to the end of the claim period in which the expenditure is incurred were a reference to that actual date; and
 - (d) where the actual date of the determination is later than the date which by virtue of paragraph (a) above is the end of the transfer period, within the meaning of Schedule 17 to the ^{M6} Finance Act 1980, in relation to the oil field, then as respects that transfer period paragraph 3(1) of that Schedule shall have effect as if the reference to the end of the transfer period were a reference to that actual date.
- (2) In any case where—
- (a) a determination is made under paragraph 5 of Schedule 1 to the principal Act (variation of fields) varying an earlier determination; and
 - (b) in consequence of that variation an existing oil field is altered to any extent;
- then Part I of the principal Act and Part VIII of the ^{M7} Finance Act 1981 shall apply in relation to the oil field subject only to the modifications provided by subsection (3) below.
- (3) Where subsection (2) above applies—
- (a) the time allowed—
 - (i) by paragraph 2 or paragraph 5 of Schedule 2 to the principal Act for making returns, or
 - (ii) by paragraph 3 of Schedule 17 to the ^{M8} Finance Act 1980 for delivering notices—

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Part VI. (See end of Document for details)

shall as respects returns or notices containing such particulars as may be required in consequence of the later determination be extended to a period ending, in the case of a return under paragraph 2 or a notice under paragraph 3, two months and, in the case of a return under paragraph 5, one month after the actual date of that determination;

- (b) any claim falling to be made in accordance with Schedule 5 or 6 to the principal Act in respect of any expenditure incurred before the actual date of the later determination which could not have been made before that determination may be made at any time before the expiry of the period of six years beginning with that date;
 - (c) section 1 of the ^{M9}Petroleum Revenue Tax Act 1980 (payments of tax on account), section 105 of the Finance Act 1980 (advance payments of tax) and paragraph 10 of Schedule 16 to the Finance Act 1981 (payments on account of supplementary petroleum duty) shall not apply in relation to any return made under paragraph 2 of Schedule 2 to the principal Act in so far as it is made by virtue of paragraph (a) above; and
 - (d) section 139 below (advance petroleum revenue tax) shall not apply in relation to so much of the gross profit as accrues to any person in a chargeable period ending before the actual date of the later determination by virtue only of that later determination.
- (4) In subsection (3) of section 12 of the principal Act (references to things done etc. before determination of field) the words from “as regards” to “any oil field” shall cease to have effect.
- (5) This section has effect in relation to determinations made after 31st December 1981.

Marginal Citations

- M4** 1981 c. 35.
- M5** 1970 c. 9.
- M6** 1980 c. 48.
- M7** 1981 c. 35.
- M8** 1980 c. 48.
- M9** 1980 c. 1.

136 ^{F5} **U.K.**

Textual Amendments

- F5** S. 136 repealed by *Income and Corporation Taxes 1988* (c. 1, SIF 63:1), s. 844 and Sch. 31

^{F6}137 **Expenditure met by regional development grants to be disregarded for certain purposes.** **U.K.**

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Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Part VI. (See end of Document for details)

Textual Amendments

F6 S. 137 repealed (21.7.2008) by Statute Law (Repeals) Act 2008 (c. 12), Sch. 1 Pt. 8

138 ^{F7} **U.K.**

Textual Amendments

F7 S. 138 repealed by Income and Corporation Taxes 1988 (c. 1, SIF 63:1), s. 844 and Sch. 31

CHAPTER II U.K.

ADVANCE PETROLEUM REVENUE TAX

139 Liability for APRT and credit against liability for petroleum revenue tax. U.K.

- (1) For each of the following chargeable periods, namely—
- (a) the first chargeable period ending after 31st December 1982 [^{F8}and before 1st January 1987] in which, subject to sections 140 and 141 below, a gross profit accrues to a participator from an oil field, and
 - (b) every one out of the [^{F9}immediately succeeding chargeable periods (if any) which ends before 1st January 1987 and] in which, subject to those sections, a gross profit accrues to him from that field,
- the participator shall be liable to pay an amount of petroleum revenue tax (to be known as “advance petroleum revenue tax” and in this Chapter referred to as “APRT”) in accordance with this section.
- (2) Subject to sections 140 and 141 below, APRT shall be payable on the gross profit accruing to the participator in the chargeable period in question and shall be payable [^{F10}(a) for the chargeable period ending on 30th June 1983, at the rate of 20 per cent.; (b) for subsequent chargeable periods ending on or before 31st December 1984, at the rate of 15 per cent.; (c) for chargeable periods ending in 1985, at the rate of 10 per cent.; and (d) for chargeable periods ending in 1986, at the rate of 5 per cent.].
- (3) The aggregate of—
- (a) [^{F11}any APRT which is payable and paid] by a participator in respect of any chargeable period and not repaid, and
 - (b) any APRT which is carried forward from the previous chargeable period by virtue of subsection (4) below,
- shall be set against the participator’s liability for petroleum revenue tax charged in any assessment made on him in respect of the assessable profit accruing to him in the period referred to in paragraph (a) above from the oil field in question (which liability is in this Chapter referred to as his liability for petroleum revenue tax for a chargeable period) and shall, accordingly, discharge a corresponding amount of that liability.
- (4) If, for any chargeable period, the aggregate of—

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- (a) [^{F11}any APRT which is payable and paid] by a participator for that period and not repaid, and
- (b) any APRT carried forward from the previous chargeable period by virtue of this subsection,

exceeds the participator's liability for petroleum revenue tax for that period, the excess shall be carried forward as an accretion to [^{F11}any APRT paid] (and not repaid) for the next chargeable period; and any reference in this Chapter to a participator's APRT credit for a chargeable period is a reference to the aggregate of [^{F11}any APRT paid] for that period and not repaid and any APRT carried forward from the previous chargeable period by virtue of this subsection.

- (5) The references in section 1 of the ^{M10} Provisional Collection of Taxes Act 1968 to petroleum revenue tax include a reference to APRT.
- (6) The provisions of Schedule 19 to this Act shall have effect for supplementing this section and, accordingly, section 105 of the ^{M11} Finance Act 1980 (advance payments of petroleum revenue tax) shall cease to have effect with respect to chargeable periods ending after 30th June 1983.
- (7) This Chapter shall be included in the Oil Taxation Acts for the purposes of sections 107 and 108 of the Finance Act 1980 (transmedian fields and gas banking schemes).

Textual Amendments

- F8** Words inserted by [Finance Act 1983 \(c. 28\), s. 35\(1\)](#)
- F9** Words substituted by [Finance Act 1983 \(c. 28\), s. 35\(1\)](#)
- F10** [S. 139\(2\)\(a\)–\(d\)](#) substituted for words by [Finance Act 1983 \(c. 28\), s. 35\(2\)](#)
- F11** Words substituted by [Finance Act 1983 \(c. 28\), s. 35\(3\)](#)

Marginal Citations

- M10** [1968 c. 2.](#)
- M11** [1980 c. 48.](#)

140 Increase of gross profit by reference to royalties in kind. **U.K.**

- (1) This section applies where part of a participator's share of the oil won and saved from an oil field is delivered by him in a chargeable period to the [^{F12}OGA] pursuant to a requirement imposed under the terms of a licence granted under the ^{M12} Petroleum (Production) Act 1934.
- (2) In determining for the purposes of APRT the gross profit accruing to the participator from the field in the chargeable period the aggregate of the amounts mentioned in paragraphs (a), (b) and (c) of subsection (5) of section 2 of the principal Act shall be increased by multiplying it by a fraction of which—
 - (a) the numerator is the total of the quantity of oil won from the field which is delivered or relevantly appropriated by him in the period including the oil delivered to the [^{F12}OGA] ; and
 - (b) the denominator is that total excluding the oil delivered to the [^{F12}OGA] .
- (3) Where oil is delivered pursuant to a requirement which relates to oil of one or more kinds but not to others, subsection (2) above shall apply only in relation to oil of the kind or kinds to which the requirement relates ; and where oil is delivered pursuant

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to a requirement which specifies different proportions in relation to different kinds of oil, that subsection shall apply separately in relation to each of those kinds.

- (4) For the purposes of subsection (5) of section 2 of the principal Act as it applies in determining for the purposes of APRT the gross profit accruing to a participator, the exclusion by paragraph 4 of Schedule 3 to that Act of oil delivered to the [F12 OGA] under the terms of a licence granted under the said Act of 1934 shall be deemed to extend to oil which is inadvertently delivered to him in excess of the amount required ; and oil so delivered shall be treated for the purposes of this section as delivered pursuant to a requirement imposed under the terms of such a licence.
- (5) Any reference in this section or in section 141 below to the purposes of APRT includes a reference to the purpose of determining whether APRT is payable for a chargeable period by virtue of section 139(1) above.

Textual Amendments

F12 Word in s. 140 substituted (1.10.2016) by [The Petroleum \(Transfer of Functions\) Regulations 2016 \(S.I. 2016/898\)](#), regs. 1(2), **6(2)**

Marginal Citations

M12 1934 c. 36.

141 Reduction of gross profit by reference to exempt allowance. **U.K.**

- (1) For the purposes of APRT there shall be for each oil field in each chargeable period an exempt allowance of 500,000 metric tonnes of oil divided between the participators in shares proportionate to their shares of the oil won and saved from the field during the period.
- (2) If the gross profit accruing to a participator in a chargeable period from a field exceeds the cash equivalent of his share of the exempt allowance, the gross profit shall be reduced to an amount equal to the excess.
- (3) If the gross profit accruing to a participator in a chargeable period from a field does not exceed the cash equivalent of his share of the exempt allowance, the gross profit shall be reduced to nil.
- (4) Subject to subsection (5) below, the cash equivalent of a participator's share of the exempt allowance for an oil field for a chargeable period shall be equal to such proportion of the gross profit accruing to him from the field in that period (before any reduction under this section) as his share of the exempt allowance bears to his share, exclusive of excluded oil within the meaning of section 10 of the principal Act, of the oil won and saved from the field during the period.
- (5) 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 the principal Act for a chargeable period, the cash equivalent of his share of the exempt allowance for the field for that period shall be determined under subsection (4) above—
- (a) to the extent that his share of that exempt allowance does not exceed his share of the oil (other than gas) won and saved from the field in the period, as if in computing the gross profit accruing to him in the period all amounts relating to gas fell to be disregarded; and

Changes to legislation: There are currently no known outstanding effects for the Finance Act 1982, Part VI. (See end of Document for details)

- (b) to the extent, if any, that his share of that allowance exceeds his share of the oil (other than gas) so won and saved, as if in computing the gross profit so accruing all amounts relating to oil other than gas fell to be disregarded.
- (6) In this section references to a participator's share of the oil won and saved from a field are to his share as expressed in metric tonnes and for that purpose 1,100 cubic metres of oil consisting of gas at a temperature of 15 degrees centigrade and pressure of one atmosphere shall be counted as equivalent to one metric tonne of oil other than gas.

142 Consequences of crediting APRT against liability for petroleum revenue tax. U.K.

- (1) If it appears to the Board—
- (a) that any amount of APRT credit which has been set off against a participator's assessed liability to petroleum revenue tax for any chargeable period ought not to have been so set off, or that the amount so set off has become excessive, or
 - (b) that, disregarding any liability to or credit for APRT, a participator is entitled to a repayment of petroleum revenue tax for any chargeable period,
- then, for the purpose of securing that the liabilities of the participator to petroleum revenue tax and APRT (including interest on unpaid tax) for the chargeable period in question are what they ought to have been, the Board may make such assessments to, and shall make such repayments of, petroleum revenue tax and APRT as in their judgment are necessary in the circumstances.
- (2) In a case falling within paragraph (a) of subsection (1) above, any necessary assessment to petroleum revenue tax may, where the revised amount of set off is ascertained as a result of an appeal, be made at any time before the expiry of the period of six years beginning at the end of the chargeable period in which the appeal is finally determined; and in a case falling within paragraph (b) of that subsection any necessary assessment to APRT may be made at any time before the expiry of the period of six years beginning at the end of the chargeable period in which the participator became entitled as mentioned in that paragraph.
- (3) ^{F13}
- (5) Paragraphs 13, 14 and 15 of Schedule 2 to the principal Act (payment of tax, appeals and interest on tax) apply in relation to an assessment to petroleum revenue tax under subsection (1) above as they apply to an assessment under that Schedule.

Textual Amendments

F13 S. 142(3)(4) repealed by Finance Act 1987 (c. 16), s. 72(7) and Sch. 16 Part VII

Changes to legislation:

There are currently no known outstanding effects for the Finance Act 1982, Part VI.