



Finance Act 1995

1995 CHAPTER 4

PART IV

PETROLEUM REVENUE TAX

146 Restriction of unrelievable field losses

- (1) In section 6 of the Oil Taxation Act 1975 (allowance of unrelievable loss from abandoned field), in subsection (1) after the words “Subject to” there shall be inserted “subsections (5) to (9) below and”.
- (2) After subsection (1) of that section there shall be inserted—
 - “(1A) In this section, in relation to an unrelievable field loss,—
 - (a) “the abandoned field” means the oil field from which the winning of oil has permanently ceased; and
 - (b) “the person to whom the loss accrued” means the person to whom, as a participator in the abandoned field, the loss accrued (whether or not he is the participator in another oil field who makes the claim for the allowance of the unrelievable field loss).”
- (3) After subsection (4) of that section there shall be inserted—
 - “(5) Subsections (6) to (9) below apply if—
 - (a) a claim is made for the allowance of an unrelievable field loss; and
 - (b) the person to whom the loss accrued made a claim or election for the allowance of any expenditure unrelated to that field; and
 - (c) that claim or election was received by the Board on or after 29th November 1994; and
 - (d) the whole or a part of the expenditure to which the claim or election relates is allowed and, accordingly, falls to be taken into account under section 2(8)(a) of this Act for a chargeable period (whether beginning before or after 29th November 1994).

Status: This is the original version (as it was originally enacted).

- (6) Subject to subsection (7) below, where this subsection applies, from the amount which, apart from this subsection, would be the amount of the unrelievable field loss referred to in paragraph (a) of subsection (5) above there shall be deducted an amount equal to so much of any expenditure unrelated to the field as is allowed on a claim or election as mentioned in paragraph (d) of that subsection.
- (7) If—
- (a) claims are made for the allowance of more than one unrelievable field loss derived from the same abandoned field, and
 - (b) the person to whom the loss accrued is the same in respect of each of the unrelievable field losses,
- subsection (6) above shall have effect as if the deduction referred to in that subsection fell to be made from the aggregate amount of those losses.
- (8) Where subsection (7) above applies, the deduction shall be set against the unrelievable field losses in the order in which the claims for the allowance of each of those losses were received by the Board.
- (9) In subsections (5) and (6) above, “expenditure unrelated to the field” means—
- (a) expenditure allowable under any of sections 5, 5A and 5B of this Act;
 - (b) expenditure allowable under this section (derived from a different abandoned field); or
 - (c) expenditure falling within section 65 of the Finance Act 1987 which is accepted by the Board as allowable in accordance with Schedule 14 to that Act;
- and, in relation to expenditure falling within section 65 of the Finance Act 1987, “election” means an election under Part I of Schedule 14 to that Act.”

147 Removal of time limits for claims for unrelievable field losses

- (1) In Schedule 8 to the Oil Taxation Act 1975 (procedural provisions as to allowance of unrelievable field losses), in paragraph 4 (claims)—
- (a) in sub-paragraph (1) (which requires a participator to make a claim to the Board within a time limit), for the words from “and must be made” to “that is to say” there shall be substituted “at any time after” and the words from “and the date” to the end of the sub-paragraph shall be omitted; and
 - (b) in sub-paragraph (2) the words “within the time allowed for making the original claim” shall be omitted.
- (2) This section applies to claims made on or after the day on which this Act is passed.

148 Transfer of interests in fields: restriction of transferred losses

- (1) In Schedule 17 to the Finance Act 1980 (transfer of interests in oil fields) paragraph 7 (transfer of unused losses from the old to the new participator) shall be amended as follows.
- (2) At the beginning of sub-paragraph (2) there shall be inserted “Subject to the following provisions of this paragraph”.
- (3) After sub-paragraph (2) there shall be inserted the following sub-paragraphs—

Status: This is the original version (as it was originally enacted).

“(3) If, in the case of a transfer of the whole or part of an interest on or after 29th November 1994,—

- (a) the old participator made a claim or election for the allowance of any expenditure unrelated to the field, and
- (b) the claim or election was received by the Board on or after that date, and
- (c) the expenditure allowed on the claim or election fell to be taken into account in computing the assessable profit or allowable loss of the old participator for the transfer period or any earlier chargeable period,

then, from the sum which, apart from this sub-paragraph, would be the aggregate of all the losses transferred to the new participator under this paragraph there shall be deducted (subject to sub-paragraphs (5) and (6) below) so much of the expenditure referred to in paragraph (a) above as is allowed on the claim or election (and, accordingly, the amount so deducted shall not fall to be transferred to the new participator under this paragraph).

(4) In this paragraph “expenditure unrelated to the field” means expenditure allowable under any of the following provisions—

- (a) section 5 (abortive exploration expenditure);
- (b) section 5A (exploration and appraisal expenditure);
- (c) section 5B (research expenditure);
- (d) section 6 (unrelievable loss from abandoned field); and
- (e) section 65 of the Finance Act 1987 (cross-field allowance of certain expenditure incurred on new fields);

and, in relation to any such expenditure, “claim” means a claim under Schedule 7 or Schedule 8 and “election” means an election under Part I of Schedule 14 to the Finance Act 1987 and, in relation to such an election, expenditure shall be regarded as allowed if it is accepted by the Board as allowable in accordance with that Schedule.

(5) Where, in accordance with sub-paragraph (1) above, only a part of a loss (corresponding to the part of the interest transferred) falls to be transferred under this paragraph, only a corresponding part of the expenditure referred to in sub-paragraph (3) above shall be deducted under that sub-paragraph.

(6) Where the amount of the deduction under sub-paragraph (3) above equals or exceeds the sum from which it is to be deducted, no part of any loss shall be transferred to the new participator under this paragraph.”