



Finance Act 1981

1981 CHAPTER 35

PART VII

PETROLEUM REVENUE TAX

114 Restriction of limit on amount of tax payable

(1) For section 9 of the principal Act (annual limit on amount of tax payable by participator) there shall be substituted—

(1) The tax payable by a participator in an oil field for any chargeable period to which this subsection applies shall not exceed 80 per cent, of the amount (if any) by which his adjusted profit for that period (as defined in this section) exceeds 15 per cent, of his accumulated capital expenditure at the end of that period (as so defined).

(1A) Subsection (1) above applies to—

- (a) any chargeable period from the first chargeable period up to and including the period which is the participator's net profit period for the field for the purposes of section 111 of the Finance Act 1981 or where section 113 of that Act applies, up to and including the earlier of the periods mentioned in subsection (2) of that section; and
- (b) any subsequent chargeable period up to such number of periods as is equal to half the number of chargeable periods included in paragraph (a) above (counting any resulting fraction of a period as a whole period).

(2) The adjusted profit of a participator in an oil field for any chargeable period shall be determined as follows—

- (a) there shall be ascertained—
 - (i) the assessable profit (without any reduction under section 7 or 8 of this Act) or allowable loss accruing to him in that period ; and

Status: This is the original version (as it was originally enacted).

- (ii) the total amount taken into account under section 2(9)(b), (c), (d) and (e) of this Act in computing that profit or loss, excluding expenditure so taken into account under section 2(9)(b)(i) or (c)(i) which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (O(ii);
 - (b) if there is a profit under paragraph (a)(i) above, the sum of that profit and the total ascertained under paragraph (a)(ii) above is his adjusted profit for the period;
 - (c) if there is a loss under paragraph (a)(i) above smaller than the total ascertained under paragraph (a)(ii) above, the difference is his adjusted profit for the period.
- (3) The accumulated capital expenditure of a participator in an oil field at the end of any chargeable period is the total amount of expenditure taken into account under section 2(9)(b)(i) and (c)(i) of this Act in computing the assessable profit or allowable loss accruing to him in that period and all earlier chargeable periods excluding all expenditure so taken into account which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii).
- (4) Where a participator has made an election under paragraph 9(1) of Schedule 3 to this Act the amount of any reduction by virtue of this section in the tax payable by him for any chargeable period shall not be greater than it would have been if he had not made any such election and for the purposes of subsection (3) above his accumulated capital expenditure at the end of any chargeable period shall be taken to be what it would have been if he had made no such election.”
- (2) In consequence of subsection (1) above, Schedule 17 to the Finance Act 1980 (transfers of interests in oil fields) shall be amended as follows—
- (a) in paragraph 1(3) for the words from "the transfer period " onwards there shall be substituted the words " ' the transfer period' means the chargeable period in which the transfer takes place ";
 - (b) in paragraph 8(1) for the words from " the last calendar year" onwards there shall be substituted " the last chargeable period before the transfer period ";
 - (c) in paragraph 8(2) for the words " year " (in both places) and " calendar years " there shall be substituted respectively the words " period " and " chargeable periods ";
 - (d) in paragraph 18 for the word " year", wherever it occurs, there shall be substituted the word " period ".
- (3) This section applies whether the net profit period ends before or after the passing of this Act.