



# Finance Act 1982

## 1982 CHAPTER 39

### PART VI

#### OIL TAXATION

### CHAPTER II

#### ADVANCE PETROLEUM REVENUE TAX

#### **139 Liability for APRT and credit against liability for petroleum revenue tax**

- (1) For each of the following chargeable periods, namely—
- (a) the first chargeable period ending after 31st December 1982 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 nine immediately succeeding chargeable periods 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 at the rate of 20 per cent.
- (3) The aggregate of—
- (a) the APRT which is 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

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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—
- (a) the APRT which is 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 the 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 the 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 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 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).

#### **140 Increase of gross profit by reference to royalties in kind**

- (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 Secretary of State pursuant to a requirement imposed under the terms of a licence granted under the 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 Secretary of State ; and
  - (b) the denominator is that total excluding the oil delivered to the Secretary of State.
- (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 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 Secretary of State 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;

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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.

#### **141 Reduction of gross profit by reference to exempt allowance**

- (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
  - (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**

- (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,

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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) In subsection (1) of section 17 of the principal Act (corporation tax: deduction of petroleum revenue tax in computing income)—
  - (a) after the words " has paid " there shall be inserted the words " or is treated by virtue of subsection (1A) below as having paid ";
  - (b) after the words " chargeable period ", in the first place where they occur, there shall be inserted the words " not being advance petroleum revenue tax ";
  - (c) after the words " petroleum revenue tax paid " there shall be inserted the words " or treated as having been paid ".
- (4) After that subsection there shall be inserted the following subsection: —

“(1A) If and so far as any liability to an amount of petroleum revenue tax for any chargeable period is satisfied by an amount of advance petroleum revenue tax paid for that or any earlier chargeable period, that amount of petroleum revenue tax shall be treated for the purposes of this section as having been paid on the date on which it became due.”
- (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.