

## SCHEDULES

### SCHEDULE 4 U.K.

Section 12.

#### RECEIPTS ATTRIBUTABLE TO UNITED KINGDOM USE OF FOREIGN FIELD ASSETS

##### *Interpretation*

- 1 In this Schedule—
- (a) “the principal section” means section 12 of this Act;
  - (b) “the relevant assumptions” means—
    - (i) those specified in subsection (5) of the principal section; and
    - (ii) the assumption that a participator in a foreign field is a participator within the meaning of Part I of the principal Act;
  - (c) “United Kingdom field” means an oil field within the meaning of Part I of the principal Act.

##### *Chargeable receipts*

- 2 A participator in a foreign field is chargeable to tax in accordance with this Schedule in respect of considerations falling within subsection (1) of the principal section if, and only if—
- (a) the field asset which gives rise to that consideration is, in accordance with paragraph 3 below, a chargeable asset in relation to him; and
  - (b) the consideration constitutes, in accordance with paragraph 4 below, a receipt for which he is accountable;
- and, where the conditions in paragraphs (a) and (b) above are fulfilled, the consideration is in this Schedule referred to as a chargeable receipt of the participator.
- 3 (1) Subject to sub-paragraph (2) below, a field asset is a chargeable asset in relation to a participator in a foreign field if, on the relevant assumptions, expenditure incurred by the participator in respect of the asset would be or would have been allowable for that foreign field—
- (a) under section 3 of this Act or section 4 of the principal Act, or
  - (b) in the case of an asset the useful life of which was, at the time the expenditure was incurred, expected to exceed six months, under section 3 of the principal Act.
- (2) An asset which is a field asset by virtue of subsection (6) of the principal section is a chargeable asset in relation to that participator in that foreign field in relation to whom and to which the asset referred to in paragraph (c) of that subsection is a chargeable asset.
- 4 (1) Consideration falling within subsection (1) of the principal section constitutes a receipt for which a participator in a foreign field is accountable if, and only if,—
- (a) on the relevant assumptions, and

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- (b) on the further assumption that the field asset which gives rise to the consideration is a qualifying asset,  
the consideration would constitute, for the purposes of this Act, a tariff receipt or disposal receipt of the participator attributable to the foreign field.
- (2) In applying section 7 of this Act to determine whether any consideration falling within subsection (1)(c) of the principal section would, on the assumptions in sub-paragraph (1) above, constitute a disposal receipt, the reference in section 7(4)(b) of this Act to tariff receipts of the participator shall be construed as a reference to consideration falling within paragraph (a) or paragraph (b) of subsection (1) of the principal section which, on those assumptions, would constitute a tariff receipt of his.
- 5 (1) Schedule 2 to this Act, except paragraphs 4 and 6 to 8, applies in relation to chargeable receipts on the relevant assumptions and also on the further assumptions—
- (a) that any reference in that Schedule to tariff receipts or disposal receipts includes a reference to chargeable receipts;
- (b) that, except in paragraphs 5 and 11(3), any reference in that Schedule to an oil field or a participator applies only to a foreign field or, as the case may be, a participator in a foreign field; and
- (c) that any reference in that Schedule to a qualifying asset is a reference to a field asset which, in accordance with paragraph 3 above, is a chargeable asset.
- (2) In Schedule 2 to this Act, as applied by sub-paragraph (1) above, any reference to any of the provisions specified in sub-paragraph (2) of paragraph 8 below shall be construed as a reference to that provision as it has effect by virtue of that sub-paragraph.
- (3) In its application by virtue of sub-paragraph (1) above, paragraph 2 of Schedule 2 to this Act shall have effect as if the reference in sub-paragraph (2) of that paragraph to section 6 or section 7 of this Act included a reference to the principal section.
- (4) Notwithstanding anything in paragraph (a) of sub-paragraph (1) above, paragraph 9 of Schedule 2 to this Act, in its application by virtue of that sub-paragraph, shall have effect as if the reference in that paragraph to any disposal receipt were a reference to any chargeable receipt falling within paragraph (c) of subsection (1) of the principal section.
- (5) In its application by virtue of sub-paragraph (1) above, paragraph 10 of Schedule 2 to this Act shall have effect as if,—
- (a) notwithstanding anything in paragraph (a) of that sub-paragraph, the reference in that paragraph to any disposal receipt were a reference to any chargeable receipt falling within paragraph (c) of subsection (1) of the principal section; and
- (b) in the application of paragraph 4 above for the purposes of paragraph 10 below, section 6(4)(b) of this Act were disregarded.
- (6) In its application by virtue of sub-paragraph (1) above, paragraph 11 of Schedule 2 to this Act shall have effect as if sub-paragraph (4) of that paragraph were omitted.
- 6 (1) Subject to sub-paragraph (2) below, the chargeable receipts of a participator in a foreign field are attributable to that field for which expenditure incurred by him in respect of the field asset concerned would be or would have been allowable as mentioned in paragraph 3(1) above; and if there is more than one such foreign field,

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then the receipts are attributable to that one of those fields in connection with which, on the relevant assumptions, the field asset would have been first used.

- (2) The foreign field to which are attributable chargeable receipts referable to an asset which is a field asset by virtue of subsection (6) of the principal section is that field to which are attributable chargeable receipts referable to the field asset referred to in paragraph (c) of that subsection.

#### *The charge to tax*

- 7 (1) In relation to a foreign field, every half year beginning on or after 1st July 1982 shall be taken to be a chargeable period.
- (2) In this paragraph “half year” has the same meaning as in section 1 of the principal Act.
- (3) Any reference in this Schedule to the chargeable period to which any chargeable receipts of a participator in a foreign field are attributable is,—
- (a) in the case of chargeable receipts falling within paragraph (c) of subsection (1) of the principal section, a reference to the chargeable period in which the disposal referred to in that paragraph occurs; and
  - (b) in any other case, a reference to the chargeable period in which the receipts are received or receivable by him.
- 8 (1) For each chargeable period of a foreign field beginning with that in which a participator in that field has chargeable receipts, there shall be determined, subject to the following provisions of this Schedule but otherwise in accordance with section 2 of the principal Act, what is the assessable profit or allowable loss accruing to the participator from the foreign field on the basis that—
- (a) the positive amounts for the purposes of section 2 of the principal Act consist of any chargeable receipts of his attributable to that field for that period; and
  - (b) the negative amounts for those purposes are any amounts referred to in paragraphs (b), (c) and (f) of subsection (9) of that section.
- (2) For the purpose of the determination referred to in sub-paragraph (1) above, the provisions of Part I of the principal Act and sections 3 and 4 of and Part II of Schedule 1 to this Act shall have effect—
- (a) on the relevant assumptions; and
  - (b) on the further assumption that any reference in those provisions to an oil field or a participator applies only to a foreign field or, as the case may be, a participator in a foreign field.
- (3) Without prejudice to sub-paragraph (2) above, in computing the assessable profit or allowable loss accruing to a participator in a foreign field, section 9 of and Schedule 3 to this Act shall apply—
- (a) on the relevant assumptions; and
  - (b) on the further assumption that any chargeable receipts of his, other than those falling within subsection (1)(c) of the principal section, are tariff receipts,
- (4) In any case where, apart from this sub-paragraph, the whole or any part of any consideration which constitutes a chargeable receipt of a participator in a foreign field would also fall to be treated, by virtue of paragraph 2 or paragraph 11 of Schedule 2 to this Act, as a tariff or disposal receipt of a participator in a United Kingdom field, it shall not be so treated.

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- (5) In any case, where, apart from this sub-paragraph, the whole or any part of any consideration which constitutes a tariff or disposal receipt of a participator in a United Kingdom field would also fall to be treated, by virtue of paragraph 2 or paragraph 11 of Schedule 2 to this Act, as applied by paragraph 5(1) above, as a chargeable receipt of a participator in a foreign field, it shall not be so treated.
- 9 (1) Subject to sub-paragraph (2) below,—
- (a) the principal Act, and
  - (b) the provisions of the <sup>M1</sup>Taxes Management Act 1970 which are applied by paragraph 1 of Schedule 2 to the principal Act,
- shall have effect in relation to any assessable profit or allowable loss of a participator in a foreign field determined for a chargeable period under paragraph 8(1) above as if it were such an assessable profit or allowable loss as is referred to in section 1(2) of the principal Act.
- (2) No reduction shall be made by virtue of section 8 of the principal Act (oil allowance) in the assessable profit accruing to a participator in a foreign field for any chargeable period.

**Marginal Citations**

**M1** 1970 c. 9.

*Expenditure relief*

- 10 (1) For the purpose of the determination referred to in sub-paragraph (1) of paragraph 8 above, no expenditure shall be allowable, by virtue of paragraph (b) of that sub-paragraph, under section 3 of the principal Act or section 3 of this Act unless—
- (a) the expenditure relates to a field asset which is a chargeable asset which gives rise, or is expected to give rise, to chargeable receipts; and
  - (b) the expenditure is incurred either for the purpose of enabling the asset to be used in a way which gives rise, or is expected to give rise, to chargeable receipts falling within paragraph (a) or paragraph (b) of subsection (1) of the principal section, or for the purpose of enhancing the value of the asset with a view to the subsequent disposal of it or of an interest in it.
- (2) Where expenditure falling within paragraph (a) of sub-paragraph (1) above is incurred partly for one or both of the purposes referred to in paragraph (b) of that sub-paragraph and partly for other purposes, only so much of that expenditure as it is just and reasonable to apportion to a purpose referred to in that paragraph shall be regarded as falling within those paragraphs.
- (3) References in the preceding provisions of this paragraph to the use of an asset in a way which gives rise, or is expected to give rise, to chargeable receipts include references to the provision, in connection with the use of that asset, of services or other business facilities of any kind which give rise, or are expected to give rise, to chargeable receipts.
- (4) To the extent only that expenditure falls within paragraphs (a) and (b) of sub-paragraph (1) above, the field asset to which the expenditure relates shall be regarded for the purposes of section 3 of the principal Act and section 3 of this Act as used in connection with the foreign field.

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- 11 (1) In the following provisions of this Schedule expenditure which falls within paragraphs (a) and (b) of sub-paragraph (1) of paragraph 10 above is referred to as “qualifying expenditure”.
- (2) In relation to qualifying expenditure, references in section 3 of the principal Act to tariff receipts shall be construed as references to chargeable receipts falling within paragraph (a) or paragraph (b) of subsection (1) of the principal section.
- (3) If, on the relevant assumptions <sup>F1</sup> . . ., expenditure which was incurred in relation to a field asset but which is not qualifying expenditure would have qualified for supplement as mentioned in subsection (5) of section 3 of the principal Act, then, in relation to qualifying expenditure which relates to that field asset, subsection (5A) of that section shall have effect with the omission of paragraph (a).
- <sup>F2</sup>(4) . . . . .
- (5) In relation to qualifying expenditure which is allowable expenditure within the meaning of Part II of Schedule 1 to this Act, in paragraph 8 of that Schedule—
- (a) any reference to disposal receipts shall be construed as a reference to chargeable receipts falling within subsection (1)(c) of the principal section; and
- (b) any reference to tariff receipts shall be construed as a reference to other descriptions of chargeable receipts.

#### Textual Amendments

- F1** Words in [Sch. 4 para. 11\(3\)](#) repealed (16.7.1992 with effect in accordance with s. 74(5) of the repealing Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), ss. 74(5), 82, [Sch. 15 para. 8\(a\)](#), [Sch. 18 Pt.VIII](#).
- F2** [Sch. 4 para. 11\(4\)](#) repealed (16.7.1992 with effect in accordance with s. 74(5) of the repealing Act) by [Finance \(No. 2\) Act 1992 \(c. 48\)](#), ss. 74(5), 82, [Sch. 15 para. 8\(b\)](#), [Sch. 18 Pt.VIII](#).

#### *Claims for expenditure relief*

- 12 In relation to a claim for the allowance of any qualifying expenditure, and in relation to the foreign field in connection with which, by virtue of paragraph 10(4) above, the field asset concerned is to be regarded as used, the first claim period shall be the period ending on 30th June 1982 and each subsequent claim period shall be the period of six months from the end of the preceding claim period.

#### *The responsible person*

- 13 In relation to a foreign field, paragraph 4 of Schedule 2 to the principal Act shall have effect as if—
- (a) for sub-paragraphs (1) to (5) there were substituted the following sub-paragraph—
- “(1) For each oil field the Board may, by notice in writing given to him, appoint one of the participators in the field as the responsible person for that field, to perform in relation to the field, any functions conferred on the responsible person as such by this Part of this Act; and the participator who for the time being holds that appointment is in this Part of this Act referred to as “the responsible person””;

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- (b) in sub-paragraphs (6) and (7) for any reference to a body corporate or partnership there were substituted a reference to a participator; and
- (c) sub-paragraph (8) (which varies the definition of “participator” in relation to a United Kingdom field) were omitted.

*Management and collection*

- 14 (1) In its application to tax chargeable only by virtue of the provisions of the principal section and this Schedule, Schedule 2 to the principal Act (in this paragraph referred to as “Schedule 2”) shall have effect as if—
- (a) any reference in that Schedule to an oil field or a participator were a reference only to a foreign field or, as the case may be, a participator in a foreign field, and
  - (b) any reference in that Schedule to a chargeable period (within the meaning of Part I of the principal Act) were a reference only to a chargeable period within the meaning of this Schedule to which there are attributable any chargeable receipts of a participator in a foreign field,
- and subject to the modifications made in the following provisions of this paragraph.
- (2) Notwithstanding anything in sub-paragraph (2) of paragraph 1 of Schedule 2, sub-paragraph (1) above shall have effect in relation to those provisions of the <sup>M2</sup>Taxes Management Act 1970 which are applied by that paragraph as it has effect in relation to Schedule 2 itself.
- (3) Paragraph 2 of Schedule 2 shall have effect as if for sub-paragraphs (2) and (3) there were substituted the following sub-paragraph—
- “(2) A return under this paragraph for a chargeable period shall contain the following particulars—
- (a) a statement of the amount or value and the source of any receipts which are, within the meaning of Schedule 4 to the Oil Taxation Act 1983, chargeable receipts of the participator attributable to the chargeable period to which the return relates; and
  - (b) a statement of the assets giving rise to any such receipts; and
  - (c) such other particulars as the Board may prescribe with respect to any such receipts”;
- and accordingly subsections (1) to (3) of section 10 of this Act shall not apply in relation to a return made under that paragraph by virtue of this Schedule.
- (4) Paragraph 5 of Schedule 2 shall have effect as if for sub-paragraphs (2) and (2A) there were substituted the following sub-paragraph—
- “(2) A return under this paragraph shall contain such particulars of or relating to the oil field as the Board may require for the purpose of determining the amount by which any chargeable receipts, within the meaning of Schedule 4 to the Oil Taxation Act 1983, are to be treated as reduced by virtue of section 9 of that Act, as applied by paragraph 8(3) of that Schedule.”
- (5) Paragraph 7(1) of Schedule 2 shall have effect with the omission of the words “or to oil won therefrom”, in both places where they occur.

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(6) Paragraph 14 of Schedule 2 shall have effect as if for sub-paragraphs (i) and (ii) of paragraph (b) of sub-paragraph (3) there were substituted the following sub-paragraphs—

- “(i) the aggregate of the receipts as stated in the participator’s return in pursuance of sub-paragraph (2)(a) of that paragraph; and  
(ii) the aggregate of the corresponding receipts as included in the assessment”;

and with the omission of sub-paragraphs (4) to (7).

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**Marginal Citations**

**M2** 1970 c. 9.

*Payment on account*

15 In its application to tax chargeable only as mentioned in paragraph 14(1) above, paragraph 2 of the Schedule to the <sup>M3</sup>Petroleum Revenue Tax Act 1980 shall have effect as if, in place of the sub-paragraph (2A) set out in section 10(6) of this Act, there were substituted the following sub-paragraph—

“(2A) The amount of any chargeable receipts, within the meaning of Schedule 4 to the Oil Taxation Act 1983, shall be taken from the particulars included in the return referred to in sub-paragraph (2) above, and any amount by which any of those receipts are to be treated as reduced under section 9 of that Act, as applied by paragraph 8(3) of that Schedule, shall be determined accordingly.”

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**Marginal Citations**

**M3** 1980 c. 1.

*Income and corporation taxes*

16 (1) Section 11 of this Act shall have effect as if—

- (a) any reference therein to an oil field included a reference to a foreign field; and
- (b) any reference therein to a participator were to be construed, in relation to a foreign field, in accordance with subsection (2)(b) of the principal section; and
- (c) any reference therein to a tariff receipt included a reference to a chargeable receipt consisting of consideration received or receivable as mentioned in paragraph (a) or paragraph (b) of subsection (1) of the principal section.

(2) Paragraphs (a) and (b) of sub-paragraph (1) above apply in relation to paragraph 11(3) of Schedule 2 to this Act in so far as that paragraph has effect for the purposes of section 11 of this Act by virtue of subsection (4) thereof.

**Changes to legislation:**

There are currently no known outstanding effects for the Oil Taxation Act 1983, SCHEDULE 4.