



Finance Act 1994

1994 CHAPTER 9

PART V

OIL TAXATION

CHAPTER II

MISCELLANEOUS

235 Valuation of oil

- (1) With respect to chargeable periods ending after 31st December 1993, subsection (5A) of section 2 of the Oil Taxation Act 1975 (special rules for valuation of oil consisting of gas which is disposed of in a sale at arm's length on terms including transportation costs etc.) shall be amended as follows—
 - (a) for the words “oil consisting of gas” there shall be substituted “oil”;
 - (b) for the word “gas”, in each place where it subsequently occurs, there shall be substituted “oil”;
 - (c) for the words “for delivery at a place” there shall be substituted “or another country for delivery at another place in or”; and
 - (d) in paragraph (ii) after the words “United Kingdom”, in the second place where they occur, there shall be inserted “or, in the case of oil first landed in another country, at the place in that or any other country”.
- (2) In Schedule 3 to that Act, in each of paragraphs 2(3) and 2A(3) for “(2)(e)” there shall be substituted “(2)(f)”.
- (3) In Schedule 10 to the Finance Act 1987 (nomination scheme for disposals and appropriations of oil), in paragraph 4 (timing of nominations)—
 - (a) in sub-paragraph (1) for the words “sub-paragraph (2)” there shall be substituted “sub-paragraphs (2) and (2A)”; and
 - (b) after sub-paragraph (2) there shall be inserted—

Status: This is the original version (as it was originally enacted).

“(2A) Where the proposed transaction has a transaction base date later than 31st December 1993, sub-paragraph (1) above has effect with the substitution for the reference to the second business day of a reference to the first business day.”

- (4) In paragraph 11 of that Schedule (a participator’s aggregate nominated proceeds for a month), in sub-paragraph (2) for the words “sub-paragraph (2A)” there shall be substituted “sub-paragraphs (2A) and (2B)” and after sub-paragraph (2A) there shall be inserted the following sub-paragraph—

“(2B) In the case of a nominated transaction which is a disposal to which subsection (5A) of section 2 of the principal Act applies, for the amount which, apart from this sub-paragraph, would be the nominated price for the purposes of sub-paragraph (2) above there shall be substituted the amount which, under that subsection, is deemed to be the price received or receivable for the oil in question.”

236 Valuation of certain light gases

- (1) Subject to subsection (2) below, the principal Act shall have effect subject to the amendments in Schedule 23 to this Act, being—
- (a) amendments altering the rules for determining the market value of certain light gases for the purposes of petroleum revenue tax; and
 - (b) amendments consequential upon, or incidental to, those amendments.
- (2) The amendments in Schedule 23 to this Act do not have effect in relation to any light gases if, before 1st January 1994, an election was made under section 134 of the Finance Act 1982 (alternative valuation of certain ethane) or section 109 of the Finance Act 1986 (alternative valuation of certain light gases) and the election applies to those gases.
- (3) No election may be made after 31st December 1993 under section 134 of the Finance Act 1982 or section 109 of the Finance Act 1986; and, accordingly—
- (a) in subsection (2) of the said section 134, after the word “section” there shall be inserted “must be made before 1st January 1994 and”; and
 - (b) in subsection (1) of the said section 109, after the word “section” there shall be inserted “before 1st January 1994”.
- (4) In section 12 of the principal Act (interpretation), in subsection (1) after the definition of “licensee” there shall be inserted—

““light gases”, except in relation to an election under section 134 of the Finance Act 1982 or section 109 of the Finance Act 1986, means oil consisting of gas of which the largest component by volume over any chargeable period, measured at a temperature of 15 degrees centigrade and a pressure of one atmosphere, is methane or ethane or a combination of those gases”.

237 Abortive exploration expenditure

- (1) In section 5 of the principal Act (allowance of abortive exploration expenditure incurred before 16th March 1983), after subsection (2) there shall be inserted the following subsection—

“(2A) For the purpose only of determining under paragraph (c) of subsection (1) above whether expenditure is or is likely to become allowable for any oil field, it shall be assumed that any oil field which, apart from this subsection, would be a non-taxable field is or, as the case may be, will be a taxable field and, accordingly, that section 185(4)(e) of the Finance Act 1993 (no expenditure allowable for non-taxable fields) does not apply.”

- (2) Subsection (1) above shall be deemed to have come into force at the same time as Part III of the Finance Act 1993 (27th July 1993).
- (3) The Board may make all such amendments of assessments or determinations or of decisions on claims as may be necessary in consequence of the preceding provisions of this section.

238 Disposals of assets producing tariff receipts

- (1) With respect to disposals made after 30th November 1993, paragraph 5 of Schedule 2 to the Oil Taxation Act 1983 (acquisition and disposal of qualifying assets otherwise than at arm’s length: limit on tariff and disposal receipts) shall be amended in accordance with subsections (2) and (3) below; and in this subsection “disposal” has the same meaning as in that paragraph.
- (2) In sub-paragraph (1) of paragraph 5, at the end of paragraph (c), and in place of the amendment made by section 190(5)(b) of the Finance Act 1993, there shall be inserted “and
 - (d) the use of the asset will be wholly by that person in connection with a taxable field in which he is a participator (and accordingly, and in particular, there will be no use giving rise to tariff receipts)”; and for the words “those receipts”, where they next occur, there shall be substituted “the receipts referred to in paragraphs (b) and (c) above”.
- (3) In sub-paragraph (3) of paragraph 5, for paragraph (b) there shall be substituted the following paragraph—
 - “(b) the disposal does not fall within sub-paragraph (1) above, and”.
- (4) The Board may make all such amendments of assessments or determinations or of decisions on claims as may be necessary in consequence of the preceding provisions of this section.