
STATUTORY INSTRUMENTS

2006 No. 3313

The Oil Taxation (Market Value of Oil) Regulations 2006

Introduction

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Oil Taxation (Market Value of Oil) Regulations 2006, and shall come into force on the day after that on which they are made.

(2) These Regulations have effect in relation to the first new period, within the meaning of section 147(4)(b) of FA 2006 (commencement and transitional provisions for amendments to Schedule 3 to OTA by section 146 of, and Schedule 18 to, FA 2006) and subsequent periods.

Interpretation

2.—(1) This paragraph gives the meaning of the abbreviated references used in these Regulations—

“FA 2006” means the Finance Act 2006;

“ICTA” means the Income and Corporation Taxes Act 1988(1); and

“OTA” means the Oil Taxation Act 1975.

(2) This paragraph gives the meaning of other terms used in these Regulations—

“bank holiday” means a day which is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971(2);

“Category 1 oil” is oil of any of the kinds specified in regulation 3;

“relevantly appropriated” has the meaning given by section 12(1) of OTA(3).

(3) A sale of oil is at arm’s length if (but only if) it satisfies paragraph 1 of Schedule 3 to OTA(4).

Category 1 oil

3.—(1) Category 1 oil is oil of any of the following kinds—

(a) Brent blend;

(b) Ekofisk blend;

(c) Flotta blend;

(d) Forties blend;

(e) Statfjord oil.

(2) In these Regulations—

(1) 1988 c. 1.

(2) 1971 c. 80.

(3) The definition of “relevantly appropriated” in section 12(1) was amended by section 39 of the Finance Act 1983 (c. 28).

(4) Paragraph 1 was amended by paragraph 32 of Schedule 29 to the Income and Corporation Taxes Act 1988 (c. 1).

“Brent blend” means the blend of crude oils landed at Sullom Voe in Shetland via either the Brent or Ninian pipeline systems;

“Ekofisk blend” means the blend of crude oils landed at the Teesside Oil Terminal at Seal Sands via the Norpipe pipeline;

“Flotta blend” means the blend of crude oils landed at the Flotta Oil Terminal in Orkney and originating from the Flotta catchment area;

“Forties blend” means the blend of crude oils landed at Cruden Bay, Aberdeenshire via the Forties pipeline system;

“Statfjord oil” means oil to which article 23 of the Agreement between Her Majesty’s Government of the United Kingdom and Northern Ireland and the Government of the Kingdom of Norway relating to the exploitation of the Statfjord Field Reservoirs signed at Oslo on 16th October 1979⁽⁵⁾ applies.

Interpretation – reports and factors used in calculations

4.—(1) In these Regulations the terms defined in the following paragraphs, which relate to the way in which the market value of a Category 1 oil is determined, have the meanings given there.

(2) “The relevant reports” means—

- (a) Argus Crude published by Argus Media Limited, whose registered office is Argus House, St. John Street London EC1V 4LW;
- (b) ICIS (the Independent Chemical Information Services’ World Crude Report), published by Reed Elsevier Group plc whose registered office is Quadrant House, The Quadrant, Sutton, Surrey, SM2 5AS; and
- (c) Platts Oilgram published by Platts, a division of the McGraw-Hill Companies, whose registered office is Two Penn Plaza, 25th Floor, New York, N.Y. 10121-2298.

(3) “The reference value” is the value quoted—

- (a) in the case of Argus Crude as “Dated BFO” in the section of the report entitled “Atlantic Basin Crudes, London 16.30 hours, North Sea”;
- (b) in the case of ICIS, as “Dated BFO” in the North Sea 3rd Update; and
- (c) in the case of Platts Oilgram, as “Brent (DTD)” in the International section of the report.

(4) “Adjustment factor” means the differential, upon the day in question, from the reference value—

- (a) found, in the case of Brent blend, in accordance with regulation 14;
- (b) for any other Category 1 oil, shown—
 - (i) in the case of Argus Crude, in the report under “Atlantic Basin Crudes, London 16.30 hours North Sea”;
 - (ii) in the case of ICIS, in North Sea 3rd Update; and
 - (iii) in the case of Platts Oilgram, as the assessment of the spread against forward dated Brent blend (described in the report as “spread vs fwd DTD Brent”).

(5) Treaty Series No 44 1981, Cmnd 8282, supplemented by an exchange of notes effective from 24th March 1995 (Cm 2941).