
STATUTORY INSTRUMENTS

2006 No. 3313

The Oil Taxation (Market Value of Oil) Regulations 2006

Valuing Category 1 oil

The notional delivery day: additional rule

8.—(1) Paragraph (2) applies to a delivery of Category 1 oil by way of a sale otherwise than at arm's length if—

- (a) during any period of 24 months, beginning on or after 1st July 2006, the total quantity of equity oil of that type disposed of by a participator and persons connected with him is not less than 4,000,000 barrels;
- (b) a lower price would fall to be taken into account in determining the participator's gross profit under section 2(1) of OTA for the delivery from that which would have applied if it had been by way of a sale at arm's length;
- (c) the reason for that lower price is because the notional delivery day is a day other than that on which the actual delivery takes place;
- (d) the whole or main benefit which might reasonably be expected to be obtained from a sale otherwise than at arm's length, when compared with a sale at arm's length, is a tax advantage within the meaning of section 709 of ICTA⁽¹⁾.

(2) The notional delivery day is the day specified in paragraph (a) or (b) (as the case requires) of paragraph 1A(7) of Schedule 3 to OTA.

(3) In this regulation—

“barrel” means a volume of 0.158987 cubic metres of oil; and

“equity oil” means oil forming part of the trading stock of a participator or a person connected with him which has been won by that participator or a person connected with him from a field in the United Kingdom sector of the North Sea.

(4) Section 839 of ICTA (connected persons) applies for determining whether persons are connected for the purposes of this regulation.

(1) Section 709 has been amended. Subsection (2A) was inserted by section 73 of the Finance Act 1997 (c. 16) and partly repealed by the relevant entry in Part II(9) of Schedule 8 to the Finance (No. 2) Act 1997 (c. 58)