



Gas Levy Act 1981

1981 CHAPTER 3

An Act to impose on the British Gas Corporation a levy in respect of certain gas. [19th March 1981]

BE IT ENACTED by the Queen's most Excellent Majesty, by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled, and by the authority of the same, as follows:—

1 Gas levy

(1) For the year 1980-81 and each subsequent year a levy, to be known as gas levy, shall be payable out of their revenues by the British Gas Corporation (in this Act referred to as "the Corporation") in respect of gas to which this section applies and which is supplied to or won by the Corporation in that year.

(2) This section applies—

- (a) to gas purchased by the Corporation under a tax-exempt contract; and
- (b) to gas which is—
 - (i) won or purchased by the Corporation; and
 - (ii) derived from a tax-exempt reservoir under the authority of a petroleum production licence which is or was held by a person who has agreed to supply gas from that reservoir to the Corporation under a tax-exempt contract or under the authority of a petroleum production licence substituted for such a licence.

(3) In this section—

"petroleum production licence" means a licence granted under section 2 of the Petroleum (Production) Act 1934, including a licence granted under that section as applied by section 1(3) of the Continental Shelf Act 1964;

"tax-exempt contract" means a contract made before the end of June 1975 for the sale to the Corporation of gas won under the authority of a petroleum production licence; and

" tax-exempt reservoir" means a natural reservoir, gas derived from which the Corporation was on 1st April 1980 obliged to purchase (whether immediately or at some future date) under terms comprised in a document which on 1st April 1980 was treated for the purposes of paragraph (a) of section 10(1) of the Oil Taxation Act 1975 as containing the whole or part of a contract for the sale of excluded oil as defined in that subsection.

2 Rate of levy

- (1) The rate of gas levy shall be—
 - (a) for the year 1980-81, one penny per therm ;
 - (b) for the year 1981-82, three pence per therm ; and
 - (c) for the year 1982-83, five pence per therm.
- (2) The Secretary of State may by order, made with the consent of the Treasury, specify rates of levy for the years mentioned in subsection (1) above different from those specified in that subsection.
- (3) Subject to subsection (4) below, the rate of levy for any year subsequent to the year 1982-83 shall be specified by order made by the Secretary of State with the consent of the Treasury.
- (4) If no rate is specified for any such year, the rate of levy for that year shall be the same as the rate for the preceding year.
- (5) The powers to make orders conferred by this section shall be exercisable by statutory instrument.
- (6) No such order shall be made unless a draft of the order has been laid before and approved by a resolution of the House of Commons.

3 Payment of levy

- (1) Gas levy shall be paid to the Secretary of State in such manner and at such times as he may with the consent of the Treasury direct.
- (2) The Secretary of State shall consult the Corporation before giving a direction under subsection (1) above.
- (3) Gas levy for any year shall carry interest at such rate as the Secretary of State may with the consent of the Treasury direct from the expiry of the appropriate period until payment.
- (4) Where the amount paid for any year exceeds the levy payable for that year, the excess shall be repayable to the Corporation and shall carry interest at such rate as the Secretary of State may with the consent of the Treasury direct from the expiry of the appropriate period until repayment.
- (5) In subsections (3) and (4) above " the appropriate period ", in respect of any year, means the period of four months after the end of the year or such period longer than four months after the end of the year as the Secretary of State may with the consent of the Treasury direct.
- (6) The Corporation's report under section 8(1) of the Gas Act 1972 shall set out any directions given to them under this section during the year to which the report relates.

4 Levy where gas is stored in natural reservoirs

- (1) Where a natural reservoir from which there derives gas to which section 1 above applies is used for the storage of gas produced elsewhere which is acquired by the Corporation, gas levy for any year shall only be payable on the amount by which the number of therms represented by the gas supplied to the Corporation from that reservoir during the year exceeds the number of therms represented by the gas put into the reservoir during the year.
- (2) If in any year the number of therms represented by the gas put into such a reservoir has exceeded the number of therms represented by the gas supplied to the Corporation from the reservoir, the amount of the excess shall be carried forward and, for the purpose of computing gas levy for a subsequent year, may be set off against the number of therms represented by the gas supplied to the Corporation from the reservoir in that year.

5 Supplementary provisions

- (1) It shall be the duty of the Corporation—
 - (a) to take all reasonable steps to ensure that any rights to verify the accuracy of measuring and testing equipment maintained by a person supplying them with gas are adequately exercised;
 - (b) to install, maintain and use measuring and testing equipment of a description specified in a direction under subsection (2) below ; and
 - (c) to allow officers of the Secretary of State or the Comptroller and Auditor General all reasonable facilities for examining and testing such equipment which the Corporation are using or propose to use and inspecting the records made by the Corporation in consequence of its use.
- (2) Without prejudice to the generality of section 7(1) of the Gas Act 1972 (general powers to give directions to Corporation), the Secretary of State may, after consultation with the Corporation, give to the Corporation directions specifying descriptions of measuring and testing equipment which they are to install, maintain and use for the purposes of this Act.

6 Financial provisions

- (1) The Secretary of State shall pay sums received in respect of gas levy or interest upon it into the Consolidated Fund.
- (2) Sums repayable to the Corporation by virtue of section 3(4) above, including the interest upon such sums, shall be paid out of the Consolidated Fund.
- (3) The Secretary of State shall, as respects each year, prepare in such form as the Treasury may direct an account of sums received by him in respect of gas levy or repaid under section 3(4) above, and shall send the account to the Comptroller and Auditor General not later than the end of November following the year; and the Comptroller and Auditor General shall examine, certify and report on the account, and shall lay copies of it and his report before each House of Parliament.
- (4) Any expenses of the Secretary of State in consequence of the provisions of this Act shall be defrayed out of money provided by Parliament.

7 Citation and interpretation

(1) This Act may be cited as the Gas Levy Act 1981.

(2) In this Act—

" therm " means 0.105506 gigajoules ; and

" year " means the financial year defined by virtue of section 48(1) of the Gas Act 1972.