



# Oil Taxation Act 1975

## 1975 CHAPTER 22

### PART I

#### PETROLEUM REVENUE TAX

#### **9 Annual limit on amount of tax payable by participator**

- (1) The total tax payable by a participator in an oil field for the chargeable period or periods comprised in any calendar year shall not exceed 80 per cent, of the amount (if any) by which his adjusted profit for that year (as defined in this section) exceeds 30 per cent, of his accumulated capital expenditure at the end of that year (as so defined).
- (2) For a participator in an oil field, his adjusted profit (if any) for any calendar year shall be determined as follows—
  - (a) for each chargeable period comprised in that year there shall be ascertained—
    - (i) the assessable profit (without any reduction under section 7 or 8 of this Act) or allowable loss accruing to him in that period ; and
    - (ii) the total amount taken into account under section 2(9)(b), (c), (d) and (e) of this Act in computing that profit or loss, excluding expenditure so taken into account under section 2(9)(b)(i) or (c)(i) which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii);
  - (b) in the case of each such chargeable period—
    - (i) if there is a profit under paragraph (a)(i) above, the sum of that profit and the total ascertained under paragraph (a)(ii) above is his adjusted profit for the period;
    - (ii) if there is a loss under paragraph (a)(i) above smaller than the total ascertained under paragraph (a)(ii) above, the difference is his adjusted profit for the period; and
    - (iii) if there is a loss under paragraph (a)(i) above greater than the total so ascertained, the difference is his adjusted loss for the period ;
  - (c) if the year comprises only one chargeable period, his adjusted profit (if any) for that period is his adjusted profit for the year ;

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*Status: This is the original version (as it was originally enacted).*

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- (d) if the year comprises two chargeable periods then—
- (i) if for each of them he has an adjusted profit, the sum of those profits is his adjusted profit for the year;
  - (ii) if for one of them he has an adjusted profit and for the other an adjusted loss smaller than that profit, the difference is his adjusted profit for the year;
  - (iii) if for one of them he has an adjusted profit and for the other neither an adjusted profit nor an adjusted loss, that profit is his adjusted profit for the year;
  - (iv) in any other case, he has no adjusted profit for the year.
- (3) For a participator in an oil field his accumulated capital expenditure at the end of any calendar year is the total amount of expenditure taken into account under section 2(9)(b)(i) and (c)(i) of this Act in computing the assessable profit or allowable loss accruing to him in each of the relevant chargeable periods, that is to say the chargeable period or periods comprised in that year and all earlier chargeable periods, excluding all expenditure so taken into account which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii):

Provided that in the case of a participator who has made an election under paragraph 9 of Schedule 3 to this Act, his accumulated capital expenditure at the end of any calendar year shall be taken to be what it would have been if he had made no such election.

- (4) Any reduction necessitated by this section in the total tax otherwise payable by a participator in an oil field in respect of a calendar year comprising two chargeable periods shall be made as far as possible by reducing or extinguishing the tax otherwise payable by him for the later of those periods.
- (5) In the case of any oil field the preceding provisions of this section shall have effect as if the calendar year which comprises the critical half year as defined in section 1(4) of this Act comprised the whole of the first chargeable period.