



Oil Taxation Act 1983

1983 CHAPTER 56

Charge of receipts

7 Chargeable receipts from disposals.

- (1) In computing under section 2 of the principal Act the assessable profit or allowable loss accruing to a participator from an oil field in any chargeable period ending after 30th June 1982, the positive amounts for the purposes of that section (as specified in subsection (3)(a) thereof) shall be taken to include any disposal receipts of the participator attributable to that field for that period.
- (2) Subject to the provisions of this section, for the purposes of this Act the disposal receipts of a participator in an oil field which are attributable to that field for any chargeable period are the aggregate of the amount or value of any consideration received or receivable by him in respect of the disposal in that period of a qualifying asset or of an interest in such an asset.
- (3) Where there is such a redetermination as is mentioned in subsection (4) of section 107 of the ^{M1}Finance Act 1980 (transmedian fields) and in consequence thereof the participators in the field receive a repayment, credit or set-off in respect of expenditure which was incurred in acquiring, bringing into existence or enhancing the value of a qualifying asset or an interest in it, the repayment shall be regarded as consideration received as mentioned in subsection (2) above in respect of the disposal of an interest in the asset.
- (4) No account shall be taken under subsection (2) above of any disposal of, or of an interest in, a qualifying asset which takes place more than two years after the time at which the asset—
 - (a) ceases to be used in connection with any oil field whatsoever, or
 - (b) ceases to give rise to tariff receipts of the participator referred to in that subsection, [^{F1}or
 - (c) ceases to give rise to tax-exempt tariffing receipts of that participator,] whichever is the [^{F2}latest].

Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 7. (See end of Document for details)

- (5) Notwithstanding anything in subsection (2) or subsection (3) above, any amount which, in relation to the person paying it,—
- (a) is expenditure in respect of interest or any other pecuniary obligation incurred in obtaining a loan or any other form of credit, or
 - (b) is a payment made for the purpose of obtaining a direct or indirect interest in oil won or to be won from an oil field,
- does not constitute a disposal receipt for the purposes of this Act; and accordingly, any consideration which includes such an amount shall be apportioned in such manner as is just and reasonable.
- (6) If in any claim period a qualifying asset gives rise to disposal receipts of a participator and any expenditure incurred by the participator is expenditure which in that period qualifies for supplement under paragraph (b)(ii) or paragraph (c)(ii) of subsection (9) of section 2 of the principal Act, then, except in so far as it is expenditure falling within section 111(7) of the ^{M2}Finance Act 1981 (certain expenditure incurred before 1st January 1983),—
- (a) the amount which, apart from this subsection, would in his case be taken into account under either or both of those paragraphs shall be reduced by deducting therefrom a fraction thereof determined under subsection (7) below or, if that fraction exceeds unity, shall be taken to be nil; and
 - (b) references in subsections (2) and (3) of section 9 of the principal Act (limit on amount of tax payable) to expenditure which was not allowed as qualifying for supplement under section 2(9)(b)(ii) or (c)(ii) shall be construed accordingly.
- (7) For the claim period referred to in subsection (6) above, the fraction referred to in paragraph (a) of that subsection is that of which—
- (a) the numerator, subject to subsection (8) below, is the disposal receipts of the participator in question for that period in respect of the qualifying asset referred to in subsection (6) above or, if it is less, the expenditure allowed or allowable to the participator in respect of that asset under section 3 above or section 4 of the principal Act; and
 - (b) the denominator is so much of the total amount of expenditure allowable for the field on a claim for the claim period referred to in subsection (6) above as, in the case of the participator in question, falls to be taken into account under paragraphs (b)(i) and (c)(i) of subsection (9) of section 2 of the principal Act; and in paragraph (b) above “allowable” means allowable under section 3 or section 4 of the principal Act or under section 3 above.
- (8) If the disposal receipts in question relate to a disposal of an interest in the asset, rather than the asset itself, then the reference in subsection (7)(a) above to certain expenditure shall be construed as a reference to such proportion only of that expenditure as it is just and reasonable to apportion to the interest disposed of.
- [^{F3}(9) In determining the amount or value of the disposal receipts of the participator in question in a case where the qualifying asset has been used in a way that gives rise to tax-exempt tariffing receipts, the amount or value (apart from this subsection) of any disposal receipts of his in respect of the disposal shall be reduced in accordance with section 7A below.]

Changes to legislation: There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 7. (See end of Document for details)

Textual Amendments

- F1** S. 7(4)(c) and word inserted (with effect in accordance with s. 285(6)(a) of the commencing Act) by Finance Act 2004 (c. 12), **Sch. 37 para. 5(2)(a)** (with Sch. 37 Pt. 2)
- F2** Word in s. 7(4) substituted (with effect in accordance with s. 285(6)(a) of the commencing Act) by Finance Act 2004 (c. 12), **Sch. 37 para. 5(2)(b)** (with Sch. 37 Pt. 2)
- F3** S. 7(9) inserted (with effect in accordance with s. 285(6)(a) of the commencing Act) by Finance Act 2004 (c. 12), **Sch. 37 para. 5(3)** (with Sch. 37 Pt. 2)
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Marginal Citations

- M1** 1980 c. 48.
- M2** 1981 c. 35.

Changes to legislation:

There are currently no known outstanding effects for the Oil Taxation Act 1983, Section 7.