



Finance Act 2006

2006 CHAPTER 25

PART 5

OIL

Nomination scheme

149 Nomination scheme

- (1) Section 61 of FA 1987 (oil taxation: nominations) shall be amended as follows.
- (2) In subsection (1) omit “, supplies and appropriations”.
- (3) For subsections (3) and (4) substitute—
 - “(3) If the market value of a relevant delivery ascertained in accordance with Schedule 3 to the principal Act exceeds a participator's delivery proceeds of a relevant delivery (within the meaning given by Schedule 10), the excess shall be brought into account by him in accordance with section 2(5)(e) of the principal Act.
 - (4) If a relevant delivery is a delivery of blended oil within the meaning of section 63, regulations under section 2(5B) of the principal Act shall apply for the purposes of determining the proportion of the excess attributable to a field.
 - (4A) For each month in which a participator makes a relevant delivery, his monthly excess is the sum of his excesses (if any) calculated in accordance with subsection (3).
 - (4B) For each chargeable period of an oil field “the excess of nominated proceeds for the period” means, in relation to a participator in the oil field, that proportion of the sum of his monthly excesses for the chargeable period (if any) which is attributable to the field.”
- (4) Subsections (6) and (7) shall cease to have effect.

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- (5) In subsection (8) for “9th February 1987” substitute “ 1st July 2006 ”.
- (6) In subsection (9)—
 - (a) omit “subsection (7) or”, and
 - (b) after “shall” insert “ (unless otherwise expressly provided) ”.
- (7) This section shall have effect in relation to chargeable periods ending on or after 1st July 2006.

150 Amendment of Schedule 10 to FA 1987

- (1) Schedule 10 to FA 1987 (oil taxation: nominations) shall be amended as follows.
- (2) In paragraph 1—
 - (a) in sub-paragraph (1)—
 - (i) omit “, “proposed supply” and “proposed appropriation””,
 - (ii) for “paragraph 3 below” substitute “ paragraph 12A below ”, and
 - (iii) for “paragraphs (a) to (c)” substitute “ paragraph (a) ”, and
 - (b) omit sub-paragraph (2).
- (3) In paragraph 2 omit—
 - (a) sub-paragraph (1)(b), (c) and (d), and
 - (b) the words following sub-paragraph (1)(d).
- (4) Omit paragraph 3.
- (5) In paragraph 4—
 - (a) for sub-paragraph (1) substitute—
 - “(1) If a nomination is made during business hours it shall be effective only if—
 - (a) it is made within the period of two hours beginning with the transaction base time, and
 - (b) it satisfies the requirements of paragraph 5.
 - (1A) If a nomination is made outside business hours it shall be effective only if—
 - (a) it is made within the period of two hours beginning with the transaction base time, and
 - (b) it satisfies the requirements of paragraph 5 or 5A.
 - (1B) For the purposes of this paragraph—
 - (a) the transaction base time of a proposed transaction is such time on such date as the Board shall prescribe by regulations, and
 - (b) “business hours” means the period beginning with 09.00 and ending with 17.00 (UK time) on a business day (within the meaning of the Bills of Exchange Act 1882 (c. 61)).”,
 - (b) omit sub-paragraphs (2) and (2A),
 - (c) in sub-paragraph (3)—
 - (i) for “transaction base date” substitute “ transaction base time ”, and
 - (ii) for “date” in each place substitute “ time ”, and

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- (d) omit sub-paragraph (4).
- (6) In paragraph 5—
- (a) in sub-paragraph (1) for “A nomination of a proposed transaction shall not be effective unless it specifies, in respect to that transaction” substitute “ The requirements of this paragraph for a nomination in respect of a proposed transaction are ”,
 - (b) in sub-paragraph (1)(b) omit “in the case of a proposed sale”,
 - (c) in sub-paragraph (1)(c) and (d) omit “or relevantly appropriated”,
 - (d) in sub-paragraph (1)(d) for “supplied” substitute “ delivered ”,
 - (e) for sub-paragraph (1)(g) substitute—
 - “(g) the transaction base time; and”,
 - (f) in sub-paragraph (2) after “A nomination” insert “ made under this paragraph ”, and
 - (g) in sub-paragraph (3) after “a nomination” insert “ made under this paragraph ”.
- (7) After paragraph 5 insert—
- “5A
- (1) The requirements of this paragraph for a nomination in respect of a proposed transaction are—
 - (a) the name of the participator or of the group of which the participator is a member;
 - (b) the name of the person to whom the oil is to be sold, or the name of the group of which that person is a member;
 - (c) the blend or grade of oil to be delivered;
 - (d) the nominated price of the oil to be delivered;
 - (e) the nominal volume of the oil;
 - (f) the proposed delivery month;
 - (g) the transaction base time; and
 - (h) such other information as may be prescribed by the Board.
 - (2) In sub-paragraph (1) “group” has the meaning given by section 53 of the Companies Act 1989.
- 5B
- (1) A nomination of a transaction shall not be effective unless oil is delivered pursuant to a contract at arm's length the terms of which incorporate the information specified in the nomination in accordance with paragraph 5(1) or 5A(1).
 - (2) But—
 - (a) a contract need not refer to the transaction base time, and
 - (b) the nomination shall be effective whether or not delivery takes place in the proposed delivery month specified in the nomination and the contract.”
- (8) In paragraph 6—
- (a) in sub-paragraph (1) omit “Subject to sub-paragraph (3) below,”, and
 - (b) omit sub-paragraphs (2) and (3).

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- (9) Omit paragraph 7(2) and (5).
- (10) After paragraph 7(5) insert—
- “(6) The Board may by regulations prescribe that in specified circumstances the nominal volume in relation to a delivery shall be treated as greater or less than the nominal volume ascertained in accordance with the preceding provisions of this paragraph.
- (7) Regulations under sub-paragraph (6)—
- (a) shall be made by statutory instrument, and
- (b) may not be made unless a draft has been laid before and approved by resolution of the House of Commons.”
- (11) Omit paragraphs 8 to 11.
- (12) In paragraph 12(1) omit “, supply or appropriation”.
- (13) After paragraph 12 insert—
- 12A “Interpretation**
- For the purposes of section 61 and this Schedule—
- (a) a reference to the proposed delivery month in relation to a proposed transaction is a reference to the month in which delivery is to take place,
- (b) “relevant delivery” means a delivery of oil under a contract made at arm's length in respect of which there has been no effective nomination, and
- (c) “delivery proceeds” means the price received for a relevant delivery.”
- (14) This section shall have effect in relation to a transaction whenever proposed, but shall not have effect in relation to a proposed transaction with a transaction base date (within the meaning given by regulations under paragraph 4 of Schedule 10 to FA 1987) on or before 30th June 2006.
- (15) Regulations under paragraph 4(1B) of Schedule 10 to FA 1987 (inserted by subsection (5) above) may have retrospective effect.

^{F1}151 Nomination excesses and corporation tax

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Textual Amendments

- F1** S. 151 repealed (with effect in accordance with s. 381(1) of the amending Act) by [Taxation \(International and Other Provisions\) Act 2010 \(c. 8\), s. 381\(1\), Sch. 10 Pt. 6](#) (with [Sch. 9 paras. 1-9, 22](#)) and repealed (with effect in accordance with s. 1184(1) of the amending Act) by [Corporation Tax Act 2010 \(c. 4\), s. 1184\(1\), Sch. 3 Pt. 2](#) (with [Sch. 2](#))

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