

EXPLANATORY NOTE

(This note is not part of the Order)

This Order amends provisions of the Corporation Tax Act 2010. The provisions form part of Chapter 7 of Part 8 of that Act which is concerned with the reduction of the supplementary charge for certain new oil fields in the context of the corporation tax treatment of oil activities.

Article 3 amends the definition of an ultra high pressure/high temperature oil field. In the reservoir formation, the oil must be at a pressure in excess of 862 bar and at a temperature of more than 166 degrees celsius.

Article 4 amends the total field allowance available for an ultra high pressure/high temperature oil field. The total allowance is £800 million if the temperature of oil is more than 176.67 degrees celsius in the reservoir formation. For temperatures of oil more than 166 degrees celsius and no more than 176.67 degrees celsius in the reservoir formation, the total allowance is calculated on the basis of a virtual straight line increase from £500 million to £800 million. In that calculation, only complete hundredths of a degree celsius are taken into account.

A full regulatory impact assessment has not been produced for this instrument as no impact on the private or voluntary sector is foreseen.