



Finance Act 2019

2019 CHAPTER 1

PART 1

DIRECT TAXES

Oil activities and petroleum revenue tax

37 Oil activities: transferable tax history

Schedule 15 makes provision for a company which sells an interest in an oil licence and a company which buys that interest to make a joint election for an amount of the seller's profits to be treated, in accordance with the provisions of the Schedule, as if it were an amount of the purchaser's profits.

38 Petroleum revenue tax: post-transfer decommissioning expenditure

- (1) Schedule 3 to OTA 1975 (petroleum revenue tax: miscellaneous provisions) is amended in accordance with this section.
- (2) After paragraph 11 insert—

“Transfers of interests in oil fields: post-transfer decommissioning expenditure

11A (1) This paragraph applies if—

- (a) there is, for the purposes of Schedule 17 to FA 1980, a transfer by a participator in an oil field of the whole or part of an interest in the field, and
 - (b) on or after 1 November 2018, the OGA gives consent for the transfer.
- (2) Paragraph 8(1) (certain subsidised expenditure to be disregarded) does not apply to any decommissioning expenditure that—
- (a) is incurred by the new participator, and

Status: This is the original version (as it was originally enacted).

- (b) has been, or is to be, met directly or indirectly out of a payment made by the old participator.
 - (3) Sub-paragraph (4) applies if, at the end of the transfer period, the old participator is no longer a licensee or a participator in respect of any licensed area wholly or partly included in the oil field.
 - (4) Decommissioning expenditure that is incurred by the old participator, after the end of the transfer period, is to be treated for the purposes of this Act as having been incurred by the new participator (and paragraph 8(1) does not apply to any such expenditure).
 - (5) If the old participator has transferred the whole or part of another interest in the oil field to the new participator, but the condition in sub-paragraph (1)(b) was not met in respect of the transfer, references in sub-paragraphs (2) and (4) to decommissioning expenditure are references to such proportion of that expenditure as is just and reasonable.
 - (6) In this paragraph—
 - (a) “decommissioning expenditure” means—
 - (i) expenditure that is incurred, in relation to the oil field mentioned in sub-paragraph (1)(a), for a purpose within section 3(1)(i) or (j) (decommissioning or restoration), and
 - (ii) is allowable under that section;
 - (b) “the old participator”, “the new participator” and “the transfer period” have the same meaning as in Schedule 17 to FA 1980 (see paragraph 1(3) of that Schedule).
 - (7) If there is, for the purposes of Schedule 17 to FA 1980, a subsequent transfer of the whole or part of an interest in the oil field mentioned in sub-paragraph (1)(a), references in this paragraph to “the old participator” include references to each participator whose interest, or part of it, in the oil field is the subject of a transfer to which this paragraph applies.”
- (3) In paragraph 8, at the end insert—
- “(3) This paragraph is subject to paragraph 11A (transfers of interests in oil fields: post-transfer decommissioning expenditure).”