



# Energy (Oil and Gas) Profits Levy Act 2022

## 2022 CHAPTER 40

### *Final provisions*

#### **14 Consequential provision**

Schedule 2 contains amendments of enactments that are consequential on the provision made by this Act.

#### **Commencement Information**

**II** S. 14 in force at Royal Assent

#### **15 Transitional provision for accounting periods straddling 26 May 2022**

- (1) In the case of an accounting period (a “straddling period”) beginning before 26 May 2022 and ending on or after that date—
  - (a) this Act is to apply as if so much of the straddling period as falls before that date, and so much of the straddling period as falls on or after that date, were separate accounting periods, and
  - (b) the company’s levy profits or loss determined for the straddling period (on the assumption that the whole of that period were a qualifying accounting period) are apportioned to the two separate accounting periods in accordance with section 17.
- (2) In the case of a straddling period, the Instalment Payments Regulations 1998 are to apply separately—
  - (a) in relation to the levy, and
  - (b) in relation to any other tax chargeable on the company.
- (3) In their application as a result of subsection (2)(a), the Instalment Payments Regulations 1998 are to have effect in relation to the levy as if—

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**Changes to legislation:** There are currently no known outstanding effects for the Energy (Oil and Gas) Profits Levy Act 2022, Cross Heading: Final provisions. (See end of Document for details)

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- (a) the deemed accounting period treated under subsection (1)(a) as beginning on 26 May 2022 were an accounting period for the purposes of those Regulations, and
  - (b) the levy were chargeable for that period.
- (4) Any reference in the Instalment Payments Regulations 1998 to the total liability of a company is accordingly to be read—
  - (a) in their application as a result of subsection (2)(a), as a reference to the levy, and
  - (b) in their application as a result of subsection (2)(b), as a reference to the amount that would be the company's total liability for the straddling period if the levy were left out of account.
- (5) For the purposes of the Instalment Payments Regulations 1998—
  - (a) a company is to be regarded as a large company as respects the deemed accounting period under subsection (1)(a) only if it is a large company for those purposes as respects the straddling period, and
  - (b) any question whether a company is a large company as respects the straddling period is to be determined as it would have been determined apart from section 1.

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**Modifications etc. (not altering text)**

**C1** S. 15 applied (10.1.2023) by Finance Act 2023 (c. 1), s. 1(9)(b)

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**Commencement Information**

**I2** S. 15 in force at Royal Assent

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## 16 Transitional provision for accounting periods straddling [<sup>F1</sup>31 March 2028]

- (1) In the case of an accounting period (a “straddling period”) beginning on or before [<sup>F1</sup>31 March 2028] and ending after that date—
  - (a) this Act is to apply as if so much of the straddling period as falls on or before that date, and so much of the straddling period as falls after that date, were separate accounting periods, and
  - (b) the company's levy profits or loss determined for the straddling period (on the assumption that the whole of that period were a qualifying accounting period) are apportioned to the two separate accounting periods in accordance with section 17.
- (2) In the case of a straddling period, the Instalment Payments Regulations 1998 are to apply separately—
  - (a) in relation to the levy, and
  - (b) in relation to any other tax chargeable on the company.
- (3) In their application as a result of subsection (2)(a), the Instalment Payments Regulations 1998 are to have effect in relation to the levy as if—
  - (a) the deemed accounting period treated under subsection (1)(a) as ending on [<sup>F1</sup>31 March 2028] were an accounting period for the purposes of those Regulations, and
  - (b) the levy were chargeable for that period.

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- (4) Any reference in the Instalment Payments Regulations 1998 to the total liability of a company is accordingly to be read—
- (a) in their application as a result of subsection (2)(a), as a reference to the levy, and
  - (b) in their application as a result of subsection (2)(b), as a reference to the amount that would be the company's total liability for the straddling period if the levy were left out of account.
- (5) For the purposes of the Instalment Payments Regulations 1998—
- (a) a company is to be regarded as a large company as respects the deemed accounting period under subsection (1)(a) only if it is a large company for those purposes as respects the straddling period, and
  - (b) any question whether a company is a large company as respects the straddling period is to be determined as it would have been determined apart from section 1.

#### Textual Amendments

**F1** Words in s. 16 substituted (10.1.2023) by Finance Act 2023 (c. 1), s. 3(2)(b)

#### Commencement Information

**I3** S. 16 in force at Royal Assent

## 17 Rules for apportioning profits or loss to separate accounting periods

- (1) This section determines for the purposes of sections 15 and 16 how a company's levy profits or loss for the straddling period are to be apportioned to the two separate accounting periods mentioned in section 15 or 16 (as the case may be).
- (2) The profits or loss are to be apportioned as if any claim to a capital allowance were made for whichever of the separate accounting periods is the period in which the capital expenditure was incurred (applying section 5 of CAA 2001 for this purpose).
- (3) Subject to that, the receipts, expenses, assets and liabilities of the ring fence trade are to be apportioned between the two separate accounting periods on a just and reasonable basis.

#### Modifications etc. (not altering text)

**C2** S. 17 applied (10.1.2023) by Finance Act 2023 (c. 1), s. 1(9)(b)

#### Commencement Information

**I4** S. 17 in force at Royal Assent

## 18 Interpretation

- (1) In this Act—
- “associated company” has the same meaning as in Part 8 of CTA 2010 (see section 271),
  - “decommissioning costs” has the meaning given by section 9,

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“energy (oil and gas) profits levy” has the meaning given by section 1,  
“financing costs” has the meaning given by section 8,  
“investment expenditure” has the meaning given by section 2,  
“leasing expenditure” has the meaning given by section 4,  
“the levy” means the energy (oil and gas) profits levy,  
“levy profits” or “levy loss” has the meaning given by section 1,  
“oil” has the same meaning as in Part 8 of CTA 2010 (see section 278),  
“oil extraction activities” has the same meaning as in Part 8 of CTA 2010 (see section 272),  
“oil field” has the same meaning as in Part 8 of CTA 2010 (see section 278),  
“oil-related activities” has the same meaning as in Part 8 of CTA 2010 (see section 274),  
“operating expenditure” has the meaning given by section 3,  
“qualifying accounting period” has the meaning given by section 1,  
“qualifying levy loss” has the meaning given by section 1,  
“qualifying levy profits” has the meaning given by section 1,  
“ring fence profits” has the same meaning as in Part 8 of CTA 2010 (see section 276), and  
“ring fence trade” has the same meaning as in Part 8 of CTA 2010 (see section 277).

(2) In this Act—

“CAA 2001” means the Capital Allowances Act 2001,  
“CTA 2009” means the Corporation Tax Act 2009,  
“CTA 2010” means the Corporation Tax Act 2010,  
“FA”, followed by a year, means the Finance Act of that year,  
“the Instalment Payments Regulations 1998” means the Corporation Tax (Instalment Payments) Regulations 1998 ([SI 1998/3175](#)),  
“OTA 1975” means the Oil Taxation Act 1975, and  
“TMA 1970” means the Taxes Management Act 1970.

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**Commencement Information**

**I5** S. 18 in force at Royal Assent

**19 Short title**

This Act may be cited as the Energy (Oil and Gas) Profits Levy Act 2022.

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**Commencement Information**

**I6** S. 19 in force at Royal Assent

**Changes to legislation:**

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