



Energy (Oil and Gas) Profits Levy Act 2022

2022 CHAPTER 40

Charge to tax

1 Charge to tax

- (1) If a company carries on a ring fence trade in a qualifying accounting period, a sum equal to [^{F1}35%] of its levy profits for that period is to be charged on the company as if it were an amount of corporation tax chargeable on it.
- (2) The charge is referred to in this Act as “energy (oil and gas) profits levy” (or as “the levy”).
- (3) A qualifying accounting period is an accounting period of a company which—
 - (a) begins on or after 26 May 2022, and
 - (b) ends on or before [^{F2}31 March 2028],(but see also sections 15 and 16 for provision about a case where a company’s accounting period straddles either of those dates).
- (4) A company’s levy profits or loss for a qualifying accounting period are the amount which, on the following assumptions, would be determined for corporation tax purposes to be the company’s ring fence profits or loss for that period.
- (5) The assumptions are that—
 - (a) the company has incurred such additional expenditure (if any) in that period as is provided for by section 2(3),
 - (b) that additional expenditure is allowable as a deduction in calculating the amount of the profits or loss of any ring fence trade of the company for the period,
 - (c) financing costs and decommissioning costs are left out of account in calculating the amount of the profits or loss of any ring fence trade of the company for the period (see also sections 8 and 9),

Changes to legislation: There are currently no known outstanding effects for the Energy (Oil and Gas) Profits Levy Act 2022, Section 1. (See end of Document for details)

- (d) any amount that would otherwise be brought into account under section 301 of CTA 2010 (effect of repayment of petroleum revenue tax) in calculating the amount of the profits or loss of any ring fence trade of the company for the period is left out of account so far as the amount is referable to the decommissioning part of an allowable loss, and
 - (e) no account is to be taken of any provision of Part 4, 5 or 5A of CTA 2010 (loss relief, group relief and group relief for carried forward losses) or of sections 303A to 303D of that Act (use of non-decommissioning losses of ring fence trades).
- (6) For the purposes of subsection (5)(d) an amount of petroleum revenue tax which is repaid as mentioned in section 301(1) of CTA 2010 is referable to the decommissioning part of an allowable loss so far the allowable loss giving rise to the repayment is attributable, on a just and reasonable basis, to expenditure allowable under section 3(1)(i) or (j) of OTA 1975.
- (7) In this Act any reference to the qualifying levy profits or loss of a company for an accounting period are to the levy profits or loss for the period as determined in accordance with subsections (4) and (5).
- (8) If a company makes a qualifying levy loss for an accounting period, relief may be available for some or all of the loss in accordance with—
- (a) Part 1 of Schedule 1 (carry back or forward of qualifying levy losses), or
 - (b) Part 2 of that Schedule (group relief for qualifying levy losses).
- (9) In accordance with section 11, the charging of the levy as if it were an amount of corporation tax is to be taken as applying all enactments applying generally to corporation tax.

Textual Amendments

- F1** Word in s. 1(1) substituted (1.1.2023 in relation to accounting periods beginning on or after 1.1.2023) by Finance Act 2023 (c. 1), s. 1(1)(2) (with s. 1(3))
- F2** Words in s. 1(3)(b) substituted (10.1.2023) by Finance Act 2023 (c. 1), s. 3(1)
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Commencement Information

- I1** S. 1 in force at Royal Assent

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