



Energy (Oil and Gas) Profits Levy Act 2022

2022 CHAPTER 40

Relief for investment expenditure

3 Section 2: meaning of “operating expenditure”

- (1) Expenditure incurred by a company is “operating expenditure” for the purposes of section 2 if—
 - (a) it is incurred for the purpose of increasing—
 - (i) the rate at which oil is extracted or the reserves of oil,
 - (ii) the number of years for which it is economically viable to carry out oil extraction activities or for which a facility can be used for the purposes of those activities, or
 - (iii) the amount of tariff receipts earned by the company in respect of upstream petroleum infrastructure,
 - (b) it is not routine repair or maintenance expenditure, and
 - (c) it is incurred in relation to a facility or an oil well on qualifying matters.
- (2) Expenditure is incurred in relation to a facility on qualifying matters if it is incurred on—
 - (a) the replacement of a valve, pump, pipeline, power generation plant or compressor that is no longer capable of being used for the purposes of oil extraction activities,
 - (b) modifications to increase capacity, or availability, to carry out oil extraction activities, or
 - (c) modifications to enable handling of reduced volumes resulting from reduced operating pressures or handling of different fluid compositions.
- (3) Expenditure is incurred in relation to an oil well on qualifying matters if it is incurred on—
 - (a) water shut off or gas shut off,
 - (b) fracturing, or

Changes to legislation: There are currently no known outstanding effects for the Energy (Oil and Gas) Profits Levy Act 2022, Section 3. (See end of Document for details)

- (c) the removal of sand, salt, scale or hydrates.
- (4) For the purposes of this section, where a company incurs expenditure part of which is operating expenditure and part of which is not, the expenditure is to be apportioned on a just and reasonable basis.
- (5) In this section—
- “facility” means a platform, a subsea oil well, a platform well, an oil well head or upstream petroleum infrastructure,
- “tariff receipts” has the meaning given by section 291A of CTA 2010, and
- “upstream petroleum infrastructure” has the meaning given by section 9H of the Petroleum Act 1998.

Commencement Information

II S. 3 in force at Royal Assent

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