



# Finance Act 2023

## 2023 CHAPTER 1

### *Energy (oil and gas) profits levy*

#### **1 Increase in rate of tax**

- (1) In section 1 of the Energy (Oil and Gas) Profits Levy Act 2022 (charge to tax), in subsection (1), for “25%” substitute “35%”.
- (2) The amendment made by [subsection \(1\)](#) has effect for accounting periods beginning on or after 1 January 2023.
- (3) In the case of an accounting period (a “straddling period”) beginning before 1 January 2023 and ending on or after that date—
  - (a) the Energy (Oil and Gas) Profits Levy Act 2022 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 period) are apportioned to the two separate accounting periods in accordance with section 17 of that Act, which is to apply for the purposes of [this section](#) as it applies for the purposes of sections 15 and 16 of that Act;(and see [subsection \(9\)](#) for how a straddling period beginning before 26 May 2022 is dealt with).
- (4) 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.
- (5) In their application as a result of subsection (4)(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 \(3\)\(a\)](#) as beginning on 1 January 2023 were an accounting period for the purposes of those Regulations, and
  - (b) the levy were chargeable for that period.

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*Changes to legislation: There are currently no known outstanding effects for the Finance Act 2023, Cross Heading: Energy (oil and gas) profits levy. (See end of Document for details)*

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- (6) 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 \(4\)\(a\)](#), as a reference to the levy, and
  - (b) in their application as a result of [subsection \(4\)\(b\)](#), 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.
- (7) 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 periods under [subsection \(3\)\(a\)](#) 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 of the Energy (Oil and Gas) Profits Levy Act 2022.
- (8) In [this section](#) “the Instalment Payments Regulations 1998” means the Corporation Tax (Instalment Payments) Regulations 1998 ([S.I. 1998/3175](#)).
- (9) In the case of a straddling period beginning before 26 May 2022—
- (a) [this section](#) applies in addition to the provision made by section 15 of the Energy (Oil and Gas) Profits Levy Act 2022 (so that the deemed accounting period treated under section 15(1)(a) of that Act as beginning on 26 May 2022 is further split into two separate accounting periods as a result of the provision made by [this section](#)), and
  - (b) sections 15 and 17 of that Act and [this section](#) have effect accordingly in relation to the company's three separate accounting periods.

## 2 Reducing the amount of additional investment expenditure

- (1) In section 2 of the Energy (Oil and Gas) Profits Levy Act 2022 (additional expenditure treated as incurred for purposes of section 1 of that Act), in subsection (3), for “80%” substitute “29%”.
- (2) The amendment made by subsection (1) has effect in relation to expenditure incurred on or after 1 January 2023 (and section 7 of that Act applies for the purposes of this section as it applies for the purposes of that Act).

## 3 Extending the period for which tax has effect

- (1) In section 1 of the Energy (Oil and Gas) Profits Levy Act 2022 (charge to tax), in subsection (3) (which sets out the accounting periods by reference to which the tax is charged), in paragraph (b), for “31 December 2025” substitute “31 March 2028”.
- (2) In consequence of the amendment made by subsection (1)—
  - (a) in section 7(2) of that Act (when investment expenditure is incurred), for “31 December 2025” substitute “31 March 2028”, and
  - (b) in section 16 of that Act (transitional provision for accounting periods straddling 31 December 2025), for “31 December 2025”, in each place (including the heading), substitute “31 March 2028”.

**Changes to legislation:**

There are currently no known outstanding effects for the Finance Act 2023, Cross Heading:  
Energy (oil and gas) profits levy.