

T11.12

Analysis of Petroleum Revenue Tax assessments (1)

Assessments made by end November 2014
United Kingdom and United Kingdom Continental Shelf

Amounts: £ million

Six month chargeable period ending	30 Jun 2008	31 Dec 2008	30 Jun 2009	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011	30 Jun 2012	31 Dec 2012	30 Jun 2013	31 Dec 2013	30 Jun 2014	31 Dec 2014
Gross profit	6,646	5,410	3,774	3,823	4,611	4,416	4,731	4,907	4,987	4,293	4,587	4,082	3,859	2,930
plus other chargeable receipts	258	259	233	213	219	181	344	190	172	167	252	138	135	170
less royalties (2)	3	3	3	2	3	2	2	3	3	2	3	2	3	2
less field expenditure claimed in period	2,141	2,323	2,148	2,266	2,256	2,483	2,359	2,460	2,359	2,587	2,630	2,689	2,604	2,452
less cross field reliefs claimed in period (3)	15	17	31	26	26	18	12	15	59	60	16	5	8	1
less losses brought forward	72	70	100	84	131	93	172	85	67	44	247	159	202	139
less losses carried back	214	130	89	22	147	59	199	209	224	80	74	15	0	0
Assessable Profits	4,459	3,126	1,636	1,636	2,268	1,942	2,331	2,326	2,448	1,687	1,868	1,352	1,177	506
less cash equivalent of oil allowance	1,544	1,095	667	645	708	520	584	333	364	149	230	181	97	111
Assessable profits after oil allowance	2,915	2,031	969	991	1,559	1,422	1,747	1,992	2,084	1,538	1,638	1,171	1,079	395
Assessable PRT before safeguard	1,458	1,016	485	496	780	711	874	996	1,042	769	819	585	540	198
reduction due to safeguard restriction	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Petroleum revenue tax payable	1,458	1,016	485	496	780	711	874	996	1,042	769	819	585	540	198
Memorandum item:														
Repayment of PRT from carry back of losses made in the period (4):														
Principal	17	12	17	36	12	41	63	101	88	158	127	263	295	0
Interest	5	3	1	1	1	2	5	10	11	13	12	0	0	0

(1) Fields given development approval after 16th March 1993, which are not liable to petroleum revenue tax, are excluded from this table.

(2) Royalties were abolished from 1 January 2003. The continuing deductions in the assessments relate to licence fees that companies still have to pay to DECC.

(3) Consisting of exploration and appraisal relief, cross-field allowance, research relief and relief for unrelieved abandoned field loss.

(4) Due to early publication of assessment data for the latest half year period, no repayments have yet been made as a result of losses carried back from this period. The repayments for this period will however be featured in the next publication.

Notes on the Table

Petroleum revenue tax assessments

1. Table 11.12 summarises the assessments of accruals of PRT liabilities so far made for each six month period, from the first half of 2008 to the second half of 2014. Estimated assessments, which may later be revised, are included. They may subsequently change following HMRC tax assessments and because tax relief for losses and decommissioning costs in subsequent years may be deductible against some profits that would otherwise be subject to PRT in these periods.

2. No PRT assessment on a field is made until production commences. At that stage, all expenditure claimed by the companies during the preceding development is taken into account. In general, assessments may be delayed when there is no liability to tax; the table figures do not include allowance for such cases.

3. In the table, the deduction for expenditure is limited to the amounts in assessments required to reduce the assessable profit to nil. Field expenditure (both capital and operating) in the period is distinguished from expenditure claimed under the cross-field reliefs (mainly exploration and appraisal relief). Losses brought forward from earlier periods are not subdivided; they are predominantly from field expenditure, as it is usually inefficient to claim cross-field reliefs before they are effective.

4. As stated above, losses in a period (which are sometimes augmented by use of cross-field reliefs) may be carried back indefinitely to earlier periods to reduce liabilities, leading to tax repayments. In the main part of the table, these losses are attributed to the period to which they were carried back. A memorandum item gives for each period the PRT arising for repayment as a result of losses carried back from the period; it is split between repayments of principal and associated interest. There is thus no simple direct link between the amounts of PRT paid in each financial year and the amounts shown as payable for each reporting period.

The table was last updated in June 2015 and the next update will be published in December 2015

Key contact for this table is:

Ruvimbo Gwarada
HMRC analyst
03000 566445
ruvimbo.gwarada@hmrc.gsi.gov.uk