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**Government revenues from UK oil and gas production**

# Statistics of Government revenues from UK Oil and Gas production

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**Statistics of Government revenues from UK Oil and Gas production –** including related assessment data for fields subject to Petroleum Revenue Tax

## About these statistics

This is a National Statistics publication produced by HM Revenue and Customs. For more information on National Statistics and governance of statistics produced by public bodies please see the UK Statistics Authority website (www.statisticsauthority.gov.uk).

## Key messages

**Table 11.11 - Government revenues from UK Oil and Gas production**

- Total Government revenues were £863 million in 2019-20, a drop of 26 per cent on the previous year. A fall in oil prices together with an increase in tax deductible expenditure contributed to this overall fall in receipts.
- Petroleum Revenue Tax (PRT) repayments were £411 million in 2019-20, £333 million lower than in 2018-19. Loss-making fields can carry their losses back to relieve profits and tax paid in previous years, subject to time limits and strict ordering. With effect from 1 January 2016, the Petroleum Revenue Tax (PRT) rate was reduced to 0 per cent and PRT receipts have since been zero.
- Net Corporation Tax (CT) receipts (receipts minus repayments), including the Supplementary Charge (SC), decreased by 33 per cent from £1,912 million in 2018-19 to £1,274 million in 2019-20. This reflects a sharp fall in the instalment payments of CT (down 37 per cent year on year), partially offset by a year on year decline in CT repayments.
- Annual repayments of CT in 2019-20 fell to £136 million, compared with £315 million in the previous year, a decrease of 57 per cent. Losses, particularly decommissioning losses, can be carried back against historical profits to obtain a repayment of previous tax paid.

| Year<br>£ millions | Total Govt Revenues | Offshore Corporation Tax (CT) | | | **PRT Receipts** |
|---|---|---|---|---|---|
| | | **Net CT Receipts** | Repayments | Payments | |
| 2017-18 | 1,188 | 1,757 | 179 | 1,936 | (569) |
| 2018-19 | 1,168 | 1,912 | 315 | 2,227 | (744) |
| 2019-20 | 863 | 1,274 | 136 | 1,410 | (411) |

**Table 11.12 - Petroleum Revenue Tax assessments**

- Income (gross profit) from oil and gas extraction was £1,869 million in 2019 H2 (second half of 2019, i.e. July-December 2019), a drop of £250 million on that seen in 2019 H1. For the whole of 2019, income was down 12 per cent year on year.
- Other chargeable receipts – consisting of tariff income and revenues from asset disposals - rose by 8 per cent from £100 million in 2019 H1 to £108 million in 2019 H2. Overall chargeable receipts for the year were up 20 per cent on 2018.
- There was a 6 per cent increase (from £1,267m to £1,344m) in field expenditure between the first and second half of 2019. Overall 2019 field expenditure edged down 1 per cent compared to 2018. Since the significant falls in 2014 and 2015, claimed field expenditure has remained broadly flat.
- Assessable profits (before oil allowance) for 2019 H2 stood at £499 million, a decrease of £312 million from 2019 H1. And year on year they fell 14 per cent as the North Sea environment became less profitable.
- After oil allowance, PRT assessable profits were £490 million in 2019 H2.
- Overall, losses carried back in 2019 came to £1,140 million, down 21 per cent (£305m) on 2018.
- With effect from 1 January 2016, the Petroleum Revenue Tax (PRT) rate was reduced to 0 per cent – therefore there were no PRT payments from this date.

**Table 11.13 – Oil and Gas fields with Petroleum Revenue Tax liabilities**

- For the PRT half year period ending 30 June 2019 (2019 H1), there were 41 fields with gross PRT profits above £1 million. Seventeen of them had no chargeable profits once expenditure, allowable losses, reliefs and allowances are taken into account, leaving 24 fields with chargeable PRT profits. Other than one field moving from a position of having chargeable profits to not having them, the position remained unchanged for the second half of the year.
- PRT only applies to fields given development consent before March 1993. The number of PRT fields in net profit, after allowing for allowance, expenditures and losses and other chargeable receipts over £1 million has remained stable in recent years at between 23 and 29 fields. However, this will fall in future as fields come to the end of their productive lives. It is also now easier for fields to opt out of PRT altogether[1].

## New or updated statistics in this release

- Table 11.11 was extended by one year to include 2019-20 receipts, with related charts also extended by one year. Revisions have been made to the previous two years' figures as more tax return data are now available.
- In this July 2020 publication, Tables 11.12 and 11.13 have been updated to include statistics relating to PRT assessments for the two half year chargeable period ending 30 June 2019 (2019 H1) and 31 December 2019 (2019 H2). Small revisions have also been made to previous chargeable periods due to amended assessments issued within the last 6 months.

[1] Legislation published at Autumn Statement 2016 altered the rules for opting fields out of PRT. It amended Schedule 20B of FA 1993. The ability to opt out and for a field to become non- taxable was introduced by Section 107 of FA 2008.

## Section 1

**Current UK Oil and Gas Fiscal Regime**
The tax regime which applies to exploration and production of oil and gas in the UK and on the United Kingdom Continental Shelf (UKCS) currently comprises three elements:

**1. Ring Fence Corporation Tax (RFCT)**
This is calculated in the same way as the standard corporation tax applicable to all companies but with the addition of a '*ring fence'* and the availability of *100 per cent first year allowances for virtually all capital expenditure*. The ring fence prevents taxable profits from oil and gas extraction in the UK and UKCS being reduced by losses from other activities or excessive interest payments. The current rate of tax on ring fence profits is 30 per cent and is set separately from the rate of mainstream corporation tax.

**2. Supplementary Charge (SC)**
This is an additional charge on a company's ring fence profits (but with no deduction for finance costs). With effect from 1 January 2016 the rate is 10 per cent. The rate of SC was 20 per cent between 1 January 2015 and 31 December 2015, and was 32 per cent prior to this[2].

**3. Petroleum Revenue Tax (PRT)**
This is a field based tax charged on profits arising from oil and gas production from individual oil and gas fields which were given development consent before 16 March 1993. With effect from 1 January 2016, the PRT rate was reduced to 0 per cent (previously the rate was 50 per cent). PRT is a deductible expense in computing profits chargeable to ring fence corporation tax and supplementary charge.

[2] The rate of SC was 20% up until Budget 2011 (24 March 2011) when it increased to 32%

## Section 2

### Table 11.11: Government revenues from UK Oil and Gas production

### Table information and assessment

Table 11.11 shows historic receipts from all taxes levied on exploration and production activities of oil and gas from the UK and the UK continental shelf. The yield from the gas levy is shown in the table but it is excluded in estimates of the total tax on income from oil and gas production because it is categorised as a tax on expenditure.

The table covers all years from 1968-69 to 2019-20 and is supplemented by two charts. These illustrate the changes in receipts from 1984-85 (Chart C1) and the trends of oil prices compared with production and expenditure from 1984 (Chart C2).

# Table 11.11

## Government revenues from UK oil and gas production

Amounts: £ million

| Year | Total revenues (excluding gas levy) | Offshore Corporation Tax (CT) | | | | | Offshore CT receipts net of repayments | | | | Royalty | Supplementary petroleum duty | Petroleum Revenue Tax | Gas levy | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Net Receipts | Repayments | Payments | Of which: | | Total | Of which: | | | | | | | |
| | | | | | RFCT Payments | SC Payments | | ACT | RFCT | SC | | | | Gross | Net of CT clawback |
| 1968-69 | 1 | - | - | - | - | - | - | - | - | - | 1 | - | - | - | - |
| 1969-70 | 2 | - | - | - | - | - | - | - | - | - | 2 | - | - | - | - |
| 1970-71 | 5 | - | - | - | - | - | 2 | - | 2 | - | 3 | - | - | - | - |
| 1971-72 | 10 | - | - | - | - | - | 4 | - | 4 | - | 6 | - | - | - | - |
| 1972-73 | 15 | - | - | - | - | - | 4 | - | 4 | - | 11 | - | - | - | - |
| 1973-74 | 15 | - | - | - | - | - | 3 | - | 3 | - | 12 | - | - | - | - |
| 1974-75 | 20 | - | - | - | - | - | 5 | - | 5 | - | 15 | - | - | - | - |
| 1975-76 | 25 | - | - | - | - | - | 5 | - | 5 | - | 20 | - | - | - | - |
| 1976-77 | 81 | - | - | - | - | - | 10 | - | 10 | - | 71 | - | - | - | - |
| 1977-78 | 238 | - | - | - | - | - | 10 | - | 10 | - | 228 | - | - | - | - |
| 1978-79 | 565 | - | - | - | - | - | 93 | 40 | 53 | - | 289 | - | 183 | - | - |
| 1979-80 | 2,313 | - | - | - | - | - | 250 | 78 | 172 | - | 628 | - | 1,435 | - | - |
| 1980-81 | 3,743 | - | - | - | - | - | 341 | 97 | 244 | - | 992 | - | 2,410 | - | - |
| 1981-82 | 6,492 | - | - | - | - | - | 681 | 270 | 411 | - | 1,396 | 2,025 | 2,390 | 383 | 383 |
| 1982-83 | 7,822 | - | - | - | - | - | 521 | 202 | 319 | - | 1,632 | 2,395 | 3,274 | 471 | 272 |
| 1983-84 | 8,798 | - | - | - | - | - | 877 | 430 | 447 | - | 1,904 | - | 6,017 | 522 | 277 |
| 1984-85 | 12,035 | - | - | - | - | - | 2,432 | 1,244 | 1,188 | - | 2,426 | - | 7,177 | 500 | 239 |
| 1985-86 | 11,348 | - | - | - | - | - | 2,916 | 1,085 | 1,831 | - | 2,057 | - | 6,375 | 525 | 300 |
| 1986-87 | 4,783 | - | - | - | - | - | 2,676 | 1,130 | 1,546 | - | 919 | - | 1,188 | 515 | 305 |
| 1987-88 | 4,618 | - | - | - | - | - | 1,298 | 681 | 617 | - | 1,024 | - | 2,296 | 502 | 322 |
| 1988-89 | 3,168 | - | - | - | - | - | 1,195 | 685 | 510 | - | 602 | - | 1,371 | 407 | 231 |
| 1989-90 | 2,368 | - | - | - | - | - | 743 | 495 | 248 | - | 575 | - | 1,050 | 335 | 193 |
| 1990-91 | 2,312 | - | - | - | - | - | 847 | 363 | 484 | - | 605 | - | 860 | 291 | 174 |
| 1991-92 | 979 | - | - | - | - | - | 638 | 370 | 268 | - | 557 | - | (216) | 282 | 182 |
| 1992-93 | 1,305 | - | - | - | - | - | 682 | 480 | 202 | - | 554 | - | 69 | 287 | 193 |
| 1993-94 | 1,223 | - | - | - | - | - | 258 | 219 | 39 | - | 606 | - | 359 | 240 | 145 |
| 1994-95 | 1,642 | - | - | - | - | - | 380 | 299 | 81 | - | 550 | - | 712 | 175 | 96 |
| 1995-96 | 2,289 | - | - | - | - | - | 766 | 674 | 92 | - | 555 | - | 968 | 161 | 107 |
| 1996-97 | 3,303 | - | - | - | - | - | 890 | 460 | 430 | - | 684 | - | 1,729 | 198 | 132 |
| 1997-98 | 3,277 | - | - | - | - | - | 1,779 | 821 | 958 | - | 535 | - | 963 | 200 | 133 |
| 1998-99 | 2,452 | - | - | - | - | - | 1,605 | 655 | 950 | - | 343 | - | 504 | - | - |
| 1999-2000 | 2,510 | - | - | - | - | - | 1,268 | 120 | 1,148 | - | 389 | - | 853 | - | - |
| 2000-01 | 4,399 | - | - | - | - | - | 2,329 | - | 2,329 | - | 552 | - | 1,518 | - | - |
| 2001-02 | 5,373 | - | - | - | - | - | 3,515 | - | 3,515 | - | 548 | - | 1,310 | - | - |
| 2002-03 | 5,054 | - | - | - | - | - | 3,662 | - | 3,369 | 293 | 434 | - | 958 | - | - |
| 2003-04 | 4,223 | - | - | - | - | - | 3,057 | - | 2,291 | 766 | (13) | - | 1,179 | - | - |
| 2004-05 | 5,115 | - | - | - | - | - | 3,831 | - | 2,790 | 1,041 | - | - | 1,284 | - | - |
| 2005-06 | 9,323 | - | - | - | - | - | 7,307 | - | 5,210 | 2,097 | - | - | 2,016 | - | - |
| 2006-07 | 8,864 | - | - | - | - | - | 6,709 | - | 4,919 | 1,790 | - | - | 2,155 | - | - |
| 2007-08 | 7,408 | - | - | - | - | - | 5,728 | - | 3,402 | 2,326 | - | - | 1,680 | - | - |
| 2008-09 | 12,393 | - | - | - | - | - | 9,826 | | 5,716 | 4,110 | - | - | 2,567 | - | - |
| 2009-10 | 5,921 | - | - | - | - | - | 4,998 | - | 2,839 | 2,159 | - | - | 923 | - | - |
| 2010-11 | 8,322 | - | - | - | - | - | 6,864 | - | 3,810 | 3,054 | - | - | 1,458 | - | - |
| 2011-12 | 10,872 | - | - | - | - | - | 8,840 | - | 4,714 | 4,126 | - | - | 2,032 | - | - |
| 2012-13 | 6,149 | - | - | - | - | - | 4,412 | - | 1,916 | 2,496 | - | - | 1,737 | - | - |
| 2013-14 | 4,674 | - | - | - | - | - | 3,556 | - | 1,665 | 1,891 | - | - | 1,118 | - | - |
| 2014-15 | 2,103 | - | - | - | - | - | 2,026 | - | 970 | 1,056 | - | - | 77 | - | - |
| 2015-16 | (2) | 560 | 400 | 960 | 624 | 336 | 560 | - | *364* | *196* | - | - | (562) | - | - |
| 2016-17 | (359) | 295 | 562 | 857 | 711 | 146 | 295 | - | *245* | *50* | - | - | (654) | - | - |
| 2017-18 | 1,188 | 1,757 | 179 | 1,936 | 1,568 | 368 | 1,757 | - | *1,423* | *334* | - | - | (569) | - | - |
| 2018-19 | 1,168 | 1,912 | 315 | 2,227 | 1,826 | 401 | 1,912 | - | *1,568* | *344* | - | - | (744) | - | - |
| 2019-20 | 863 | 1,274 | 136 | 1,410 | 1,156 | 254 | 1,274 | - | *1,045* | *229* | - | - | (411) | - | - |

**Updated July 2020**

**Footnotes to table**

1. Revenues in Table 11.11 are presented on a cash receipts basis (when they are received by HMRC), as opposed to the National Accounts Basis used by the Office for National Statistics.

2. Figures for Corporation Tax for 2018-19 and 2019-20 are provisional and subject to change in the future when payments originally made in respect of a group of companies are subsequently re-allocated to individual companies within the group but which are outside of the ring fence oil and gas regime.

3. From 2015-16, changes were made to the collection of CT receipts data and therefore from this date we are able to disaggregate total net CT between tax payments and repayments. From 2015-16 we are able to provide a more accurate estimate of payments of RFCT and SC as CT payments are reported separately from CT repayments.

4. Analysis of tax returns is used to estimate the annual proportional split between Ring-fenced Corporation Tax (RFCT) and Supplementary Charge (SC) and for years until 2015-16 this split is applied to total net CT. From 2015-16 these proportions have been applied to CT payments too as this gives an accurate estimate of the amounts of RFCT and SC paid. For illustrative purposes we continue to apply the split to the net CT figure, which is shown in *italics.*

5. The table reflects the evolving tax regime for the UK Oil & Gas industry; so there are changes in the types of duties levied throughout the years featured in this table. Some examples of the changes are as follows:
   - Supplementary Petroleum Duty charged for only 2 years in the 1980s.
   - Royalties abolished in 2002, with some residual repayments made in 2003.
   - Introduction of the CT supplementary charge in 2002.
   - From January 2016, the rate of PRT was permanently set to zero. From this date no PRT payments are due. Companies can continue to carry back losses against earlier years' profits which may result in a repayment of PRT.

**CHART C1***

**Government revenues from UK oil and gas production (£ million)**

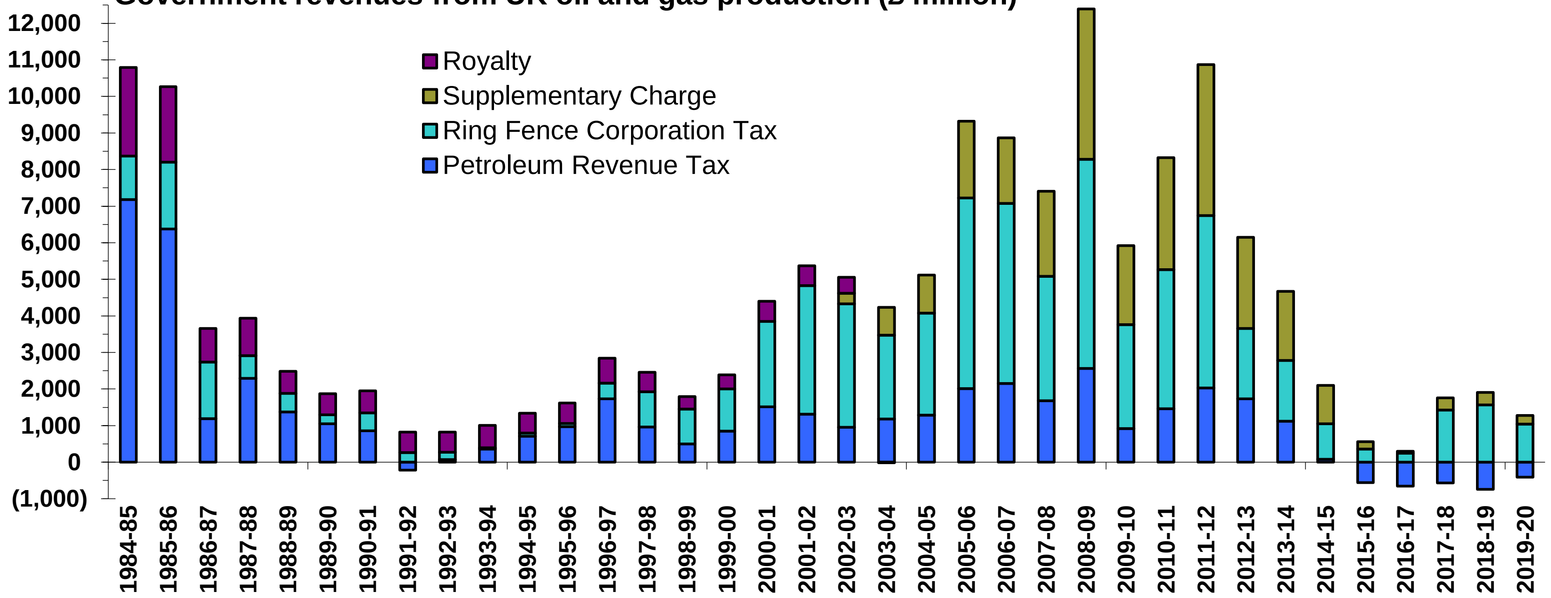
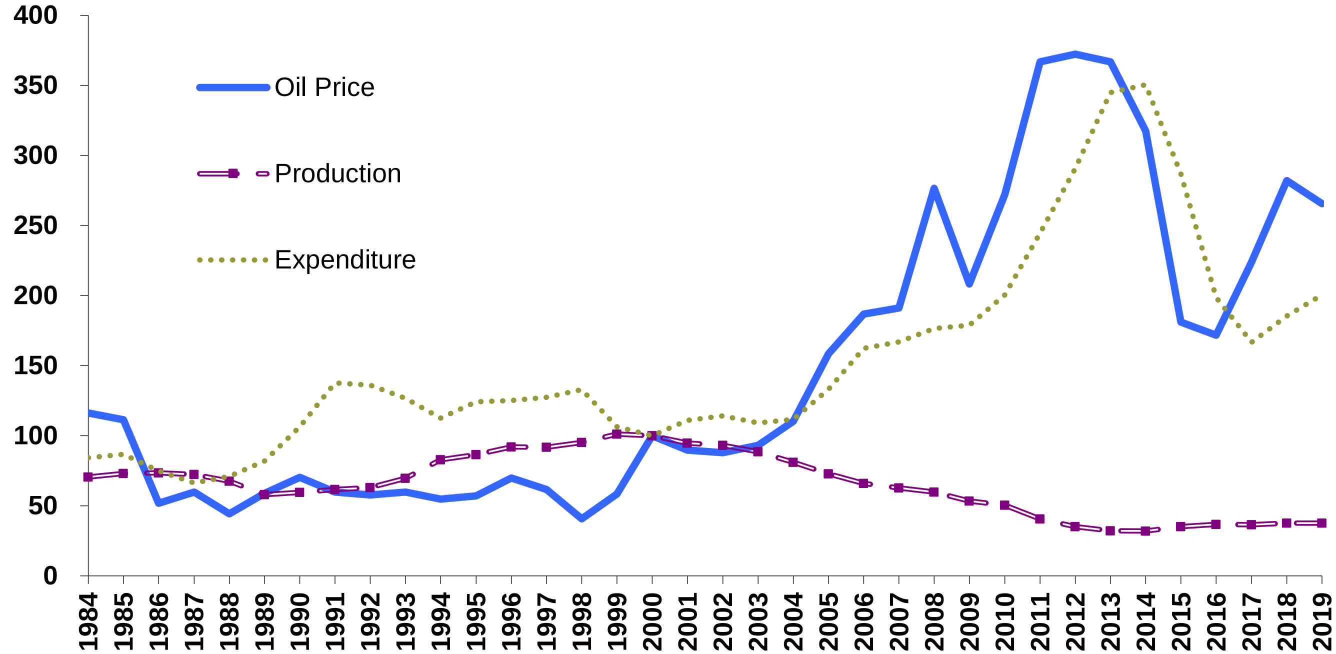


**CHART C2***
**UK oil and gas production, the sterling oil price and total expenditure**




Source: OBR, OGA

* Chart C1 shows the annual tax yield and its separate components since 1984-85. Chart C2 shows three of the main determinants of tax liability: annual production, the sterling oil price and total expenditure. Each is shown as an index based on 2000 = 100.

**Brief Commentary to Charts C1 and C2**

From 2016, the rate of PRT was permanently set to zero and SC was reduced to 10 per cent. These reductions and, to a lesser extent, the utilisation of the basin-wide Investment Allowance (introduced in 2015) resulted in reducing Government revenues from oil and gas production.

In response to a shock to the oil price in 2014, expenditure was cut back sharply over the following three years. The growth of US shale oil production together with the decision by the Organisation of the Petroleum Exporting Countries (OPEC) to maintain output played a key role in this decline in oil prices. From 2017 expenditure has seen modest year on year increases and is now back at 2016 levels. Over the last five year period production has remained relatively flat. And the tax yield to the Exchequer, which rebounded in 2017-18 following an upward correction in oil price held steady into 2018-19 before dropping to under £900 million in 2019-20.

## Table 11.12: Analysis of Petroleum Revenue Tax assessments

### Table information (updated July 2020)

The table covers Petroleum Revenue Tax (PRT) assessments raised on companies participating in fields given development consent on or before 16 March 1993; and the participators are charged PRT on chargeable profits made. The assessments are raised for half-year accounting periods ending 30 June (H1) and 31 December (H2). The current table covers assessments for the first half of 2013 to the second half of 2019.

HMRC assessments are completed five months after the end of the chargeable period. Those for 2019 H2 were finalised in May 2020. Where a company has carried back a loss, this can impact receipts from seven months after the end of the chargeable period. Companies have up to four years to submit their loss carry back claims.

**Table 11.12 and supporting notes (see footnote 1): Analysis of Petroleum Revenue Tax assessments**

# Table 11.12

Amounts: £ million

| Six month chargeable period ending | 30 Jun 2013 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2014 | 30 Jun 2015 | 31 Dec 2015 | 30 Jun 2016 | 31 Dec 2016 | 30 Jun 2017 | 31 Dec 2017 | 30 Jun 2018 | 31 Dec 2018 | 30 Jun 2019 | 31 Dec 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Gross profit** | 4,587 | 4,081 | 3,861 | 2,936 | 2,392 | 1,856 | 1,642 | 1,815 | 1,989 | 1,977 | 2,226 | 2,298 | 2,119 | 1,869 |
| plus other chargeable receipts | 385 | 144 | 134 | 220 | 169 | 266 | 488 | 152 | 175 | 343 | 100 | 73 | 100 | 108 |
| less royalties (2) | 3 | 2 | 3 | 2 | 3 | 2 | 2 | 1 | 1 | 2 | 2 | 1 | 2 | 1 |
| less field expenditure claimed in period | 2,630 | 2,682 | 2,605 | 2,506 | 1,868 | 1,745 | 1,307 | 1,371 | 1,338 | 1,295 | 1,331 | 1,308 | 1,267 | 1,344 |
| less cross field reliefs claimed in period (3) | 16 | 5 | 8 | 1 | 11 | 11 | 1 | 2 | 13 | 2 | 1 | 2 | 1 | 3 |
| less losses brought forward | 310 | 151 | 149 | 140 | 62 | 11 | 83 | 42 | 72 | 92 | 175 | 237 | 138 | 129 |
| less losses carried back | 182 | 180 | 287 | 138 | 88 | 19 | 19 | 10 | 25 | 104 | 24 | 87 | 0 | 0 |
| **Assessable Profits** | 1,831 | 1,206 | 943 | 368 | 528 | 334 | 719 | 541 | 714 | 825 | 793 | 736 | 811 | 499 |
| less cash equivalent of oil allowance | 230 | 181 | 97 | 92 | 58 | 73 | 44 | 10 | 6 | 7 | 18 | 21 | 0 | 9 |
| **Assessable profits after oil allowance** | 1,600 | 1,025 | 846 | 277 | 470 | 261 | 675 | 531 | 708 | 818 | 775 | 715 | 811 | 490 |
| Assessable PRT before safeguard | 800 | 513 | 423 | 138 | 235 | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| reduction due to safeguard restriction | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| **Petroleum revenue tax payable** | 800 | 513 | 423 | 138 | 235 | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Memorandum item: | | | | | | | | | | | | | | |
| Losses carried back in period | 373 | 301 | 490 | 643 | 756 | 735 | 1,176 | 490 | 829 | 387 | 652 | 793 | 622 | 518 |
| Repayment of PRT from carry back of losses in the period (4) | | | | | | | | | | | | | | |
| Principal | 147 | 151 | 66 | 263 | 290 | 260 | 436 | 100 | 213 | 189 | 179 | 409 | 220 | 201 |
| Interest | | | | | | | | | | | | | | |
| All Repayment of PRT in period from carry back of losses | | | | | | | | | | | | | | |
| Principal | 149 | 151 | 66 | 409 | 290 | 304 | 502 | 133 | 366 | 233 | 226 | 410 | 164 | 123 |
| Interest | | | | | | | | | | | | | | |

**Updated June 2020**

**Footnotes to table**

1. Fields given development approval after 16 March 1993, which are not liable to pay 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 Department for Business, Energy and Industrial Strategy.
3. Consisting of exploration and appraisal relief, cross-field allowance, research relief and relief for unrelieved abandoned field loss.
4. The difference in the two lines reflects a timing issue. Where a loss is carried back in the last three weeks of a 6 month period any repayment generated would not usually be processed until the next period.

## Background notes on the table (11.12)

**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 2013 to the second half of 2019. 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.

5. For all chargeable periods after December 2015, the rate of PRT is zero per cent.

**Table 11.13: Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities**

**Table information (updated July 2020)**

The table shows the numbers of fields assessed for petroleum revenue tax with gross profits of over £1 million in a six-month chargeable period. The table includes the numbers of fields whose profits are covered by expenditure and allowances, and those paying Petroleum Revenue Tax (PRT) at different levels.

**Table 11.13 and supporting notes (see footnote 1)**

# Table 11.13

**Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities (1)**

Fields with gross profits and other chargeable receipts of over £1 million in chargeable period

Numbers: actual; Amounts: £ million

| Six month chargeable period ending | 30 Jun 2013 | 31 Dec 2013 | 30 Jun 2014 | 31 Dec 2014 | 30 Jun 2015 | 31 Dec 2015 | 30 Jun 2016 | 31 Dec 2016 | 30 June 2017 | 31 Dec 2017 | 30 June 2018 | 31 Dec 2018 | 30 June 2019 | 31 Dec 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Number of fields where there are no chargeable profits for PRT** | | | | | | | | | | | | | | |
| All gross profits covered by expenditure/allowable losses | 27 | 30 | 32 | 34 | 30 | 38 | 28 | 24 | 24 | 17 | 24 | 17 | 17 | 16 |
| All assessable profits covered by oil allowance and safeguard | 16 | 15 | 13 | 8 | 7 | 4 | 3 | 1 | 1 | 1 | 1 | 1 | 0 | 1 |
| Total not paying PRT as profits covered either by allowances, expenditure or losses | 43 | 45 | 45 | 42 | 38 | 42 | 31 | 25 | 25 | 18 | 25 | 18 | 17 | 17 |
| **Number of fields with chargeable profits for PRT** | | | | | | | | | | | | | | |
| Where the amount of PRT paid by the field is zero as a result of the 0% tax rate | 0 | 0 | 0 | 0 | 0 | 0 | 23 | 24 | 25 | 29 | 24 | 26 | 24 | 23 |
| Where the amount of PRT paid by the field is under £10 million | 3 | 5 | 7 | 13 | 9 | 10 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Where the amount of PRT paid by the field is over £10 million | 21 | 14 | 11 | 4 | 7 | 5 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Fields with chargeable profits | 24 | 19 | 18 | 17 | 16 | 15 | 23 | 24 | 25 | 29 | 24 | 26 | 24 | 23 |
| | | | | | | | | | | | | | | |
| Total number of fields assessed | 67 | 64 | 63 | 59 | 54 | 57 | 54 | 49 | 50 | 47 | 49 | 44 | 41 | 40 |
| **Amount of PRT payable** | | | | | | | | | | | | | | |
| Under £10 million per field | 2 | 15 | 23 | 49 | 17 | 18 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Over £10 million per field | 798 | 498 | 400 | 89 | 218 | 112 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total PRT payable | 800 | 513 | 423 | 138 | 235 | 130 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

**Updated June 2020**

**Footnotes to table**

1. Fields given development approval after 16 March 1993, which are not liable to pay Petroleum Revenue Tax, are excluded from this table.

## Background notes on the table (11.13)

**Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities**

1. Table 11.13 shows the numbers of oil and gas fields with different PRT liabilities for the periods shown. 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. In this table, the amount of tax for each field is the sum of the amount shown on the assessments for all the companies with an interest in the field. For the more recent periods, the numbers of fields with particular levels of liabilities will be revised as further assessments are made.

2. For all chargeable periods after December 2015, the rate of PRT is zero per cent.

## Section 3

**Background Information**

**Methodology**

Table 11.11 is updated from the latest receipts data held on HMRC accounting records and these figures are agreed as a definitive measure of receipts for the HMRC Financial Statements and Accounts. For corporation tax, the initial payment of a large percentage of instalments into the HMRC group payment accounts are recorded as ring fence UK oil and gas receipts but these figures can be revised when the group payments are distributed between liabilities for participating companies. We are now asking companies to provide details of the proportion of their payments relating to non-ring fence charges so our initial recording of receipts relating to exploration and production operations is more accurate but there are still likely to be small adjustments when liabilities are finalised. The CT receipts are recorded using a link to the HMRC Corporation Tax system which holds all payment records.

Tables 11.12 and 11.13 data are downloaded from a system which records all PRT assessments raised by HMRC Large Business (LB) - Oil & Gas branch. This source is updated regularly by LB and includes the initial bulk issue assessments raised by LB in May and November and any subsequent amendments.

**Statistical quality**

The National Audit Office (NAO) undertake a yearly audit of PRT and CT receipts to ensure accurate recording. Recording of PRT receipts by HMRC's analytical directorate KAI is reconciled on a monthly basis with figures produced by HMRC's Finance directorate, as recommended by NAO.

The PRT assessment data for tables 11.12 and 11.13 is provided by LB.

There is a quality assurance process in place for the output of all tables as the prepared outputs are checked by managers and signed off by senior officials before they are released.

The statistics are consistent with publications released by the ONS, OGA and the OBR.

**User engagement**

We are committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. If you would like to comment on these statistics or have any enquiries please use the statistical contacts provided in this document.

## Uses of the statistics

HMRC use these statistics to answer parliamentary questions and to inform policy decisions. Our users also use the statistics for media, research and forecasting purposes.

## Abbreviations

| | |
|---|---|
| ACT | Advanced Corporation Tax |
| BEIS | Department for Business, Energy & Industrial Strategy |
| CT | Corporation Tax |
| HMRC | HM Revenue & Customs |
| LB | Large Business (HMRC operational directorate) |
| NAO | National Audit Office |
| OBR | Office for Budget Responsibility |
| OGA | Oil and Gas Authority |
| OGUK | Oil & Gas UK (industry trade body) |
| ONS | Office for National Statistics |
| PRT | Petroleum Revenue Tax |
| RFCT | Ring Fence Corporation Tax |
| SC | Supplementary Charge |
| UKCS | UK Continental Shelf |

## Glossary of terms

| | |
|---|---|
| Ring fence | Term used for the boundaries within which the special tax regime for oil and gas exploration and production activity in the UK and UK continental shelf applies. |
| Royalties | Royalties were broadly levied at 12.5 per cent of the value of production, less some specific costs, for fields approved before 1st April 1982. Royalties were deductible from gross profits in arriving at profits chargeable to CT and PRT. Royalties were abolished from 1st January 2003. The continuing deductions in the PRT assessments relate to licence fees that companies still have to pay to BEIS. |
| Cross field reliefs | PRT is a field based tax and these reliefs and allowances can be passed from one field to another in certain circumstances. |
| Safeguard restriction | Safeguard deduction is aimed at ensuring marginal fields remain profitable. It does this by restricting the amount of PRT payable by a company for their share in a field in a chargeable period if the effect of the PRT would be to reduce after-tax profit below a minimum return on investment in the field. Safeguard is only available for a limited number of periods, so this is why the restriction has decreased to nil in recent years. |

Cash equivalent of
Oil allowance

The oil allowance featured in table 11.12 is referred to in terms of cash equivalent as the allowance itself is calculated in terms of a free slice of production (in million tonnes), so the deduction in the table is the cash value of that free slice of production.

Development
Approval

BEIS approve and issue licences for companies to operate fields in the UK and UK continental shelf. More information about licences can be obtained from the licensing section of the BEIS website: [Oil and gas - Licensing - GOV.UK]

Advanced
Corporation Tax

Component of Corporation Tax levied on dividend payments. ACT was abolished in 1999.

Decommissioning of UK oil and gas infrastructure

The Oil Taxation Act 1975 allows participators in an oil and gas field liable to PRT to carry-back losses almost indefinitely against profits it has previously made from the field, or which previous participators in the field had made. This may result in the repayment of tax. With respect to Offshore Corporation Tax (comprised of RFCT and SC) the Corporation Tax Act 2010 allows for a company's decommissioning loss to be carried back against its own historical profits dating back to April 2002. Again, this may result in a repayment of tax.

Exchequer liabilities from decommissioning

In 2019 the Oil and Gas Authority estimated total industry costs between 2019-20 and 2064-65 for decommissioning all UKCS oil and gas infrastructure at £51 billion[3]. Using this, HMRC estimated the associated Exchequer cost of tax relief arising from this expenditure at £16.8[4] billion, including £8.3 billion[5] from tax repayments, with the latter figure published in HMRC's 2018-19 Annual Report and Accounts[6]. Due to the disruption caused by the COVID-19 pandemic, publication of HMRC's 2019-20 Annual Report and Accounts, which

[3] 2018 prices.
[4] Nominal prices with discounting.
[5] This is shown in HMRC's annual report and accounts as a provision. Repayments of PRT and CT are £2.9 billion and £5.5 billion respectively, after rounding.
[6] https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/824652/HMRC_Annual_Report_and_Accounts_2018-19__web_.pdf

contain the Exchequer cost estimates, has been delayed until October 2020. Therefore, HMRC's new estimate for the Exchequer cost will be published in October in the 2019-20 Annual Report and Accounts on gov.uk website.[7]

## Useful links

Oil and Gas Authority **(GOV.UK)**

UK Statistics Authority **(GOV.UK)**

Oil & Gas UK **(industry trade body)**

[7] https://www.gov.uk/government/collections/hmrcs-annual-report-and-accounts.