
1 Petroleum revenue tax: post-transfer decommissioning expenditure

- (1) Schedule 3 to OTA 1975 (petroleum revenue tax: miscellaneous provisions) is amended in accordance with this section.
- (2) After paragraph 11 insert –

“Transfers of interests in oil fields: post-transfer decommissioning expenditure

11A (1) This paragraph applies if –

- (a) there is, for the purposes of Schedule 17 to FA 1980, a transfer by a participator in an oil field of the whole or part of an interest in the field, and
- (b) on or after 1 November 2018, the OGA gives consent for the transfer.

(2) Paragraph 8(1) (certain subsidised expenditure to be disregarded) does not apply to any decommissioning expenditure for which the new participator is liable that has been, or is to be, met directly or indirectly out of a payment made by the old participator (and any such expenditure is not to be regarded for any purpose of this Act as being incurred by any person other than the new participator).

(3) Sub-paragraph (4) applies if, at the end of the transfer period, the old participator is no longer a licensee in respect of any licensed area wholly or partly included in the oil field.

(4) Decommissioning expenditure that is incurred by the old participator, after the end of the transfer period, is to be treated for the purposes of this Act as having been incurred by the new participator (and paragraph 8(1) does not apply to any such expenditure).

(5) If the old participator has transferred the whole or part of another interest in the oil field to the new participator, but the condition in sub-paragraph (1)(b) was not met in respect of the transfer, references in sub-paragraphs (2) and (4) to decommissioning expenditure are references to such proportion of that expenditure as is just and reasonable.

(6) In this paragraph –

- (a) “decommissioning expenditure” means expenditure incurred, in relation to the oil field mentioned in sub-paragraph (1)(a), for a purpose within section 3(1)(i) or (j) (decommissioning or restoration);
- (b) “the old participator”, “the new participator” and “the transfer period” have the same meaning as in Schedule 17 to FA 1980 (see paragraph 1(3) of that Schedule).”

(3) In paragraph 8, at the end insert –

“(3) This paragraph is subject to paragraph 11A (transfers of interests in oil fields: post-transfer decommissioning expenditure).”