**

# Guidance on applying for a Decommissioning Relief Deed (“DRD”)

This document provides guidance for companies operating in the North Sea who wish to sign a DRD between their company and Her Majesty’s Government (HMG).

**What is a Decommissioning Relief Deed?**

The DRD is a contract between the Government and companies operating in the UK and UK Continental Shelf (UKCS), to provide certainty on the tax relief they will receive when decommissioning assets.

The DRD provides that, in such circumstances as are specified in the agreement, if the amount of tax relief in respect of any decommissioning expenditure incurred by the qualifying company is less than an amount determined in accordance with the agreement (the reference amount), the difference is payable to the company.

 **Who is eligible?**

To be eligible, the applicant must be a “qualifying company” under the terms of the DRD. A qualifying company is:

1. any company that has at any time carried on a ring fence trade; or
2. any company that is associated with a company carrying on a ring fence

Trade; or

1. any company that has at any time been associated with a company that was carrying on a ring fence trade at that time; or
2. any company that is party to a joint operating agreement or unitisation agreement in relation to a cross-boundary field.

The industry party must also warrant that it has the “power and capacity” to execute and deliver the DRD and any other documentation relating to the DRD to which it is a party, and perform its obligations under the DRD (see Clause 4.1 (a)).

**How to apply**

The company should fill out and sign the “Application for a Decommissioning Relief Deed” form at the end of this document. Applicants must also acquire copies of the documents listed under the “Evidence Provided” column in this form.

As set out in part 4 of the form, two printed copies of the DRD must be included with the application, signed by the relevant management. It is for each company to decide who signs the DRD, but HMG will need to check that they have the relevant authority and that this is consistent with the company’s constitution. If, at a later date, it is discovered a DRD has been obtained using false information, the DRD will be considered invalid. Please note that the DRD itself contains three signature options – the company only needs to sign the option that is applicable to its situation.

HMG will then perform due diligence on the documents submitted. Commercial confidentiality will be respected by all government departments involved in performing these checks. Once HMG is satisfied that the company is eligible, two copies of each DRD will be signed by two of the Lords Commissioners to HM Treasury. One copy of each signed DRD will be retained by HMG and one copy will be returned to the applicant.

**Where to send the DRD application**

1. A completed physical copy of the form below, along with the supporting evidence and two signed copies of the DRD, should be sent to:

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| **Decommissioning Certainty****Environment and Transport Tax team****Business and International TaxHM Treasury, First Floor1 Horse Guards Road****London,SW1A 2HQ** |

2. We also require electronic copies of the documents to be sent to Decommissioning.Certainty@hmtreasury.gov.uk

Queries on the application can be emailed to the same address.

When sending information to HM Treasury, the sender must ensure they not only send all of the information required for this process but they also take appropriate measures to protect their data.

Sending confidential or sensitive information by email carries a number of risks, which could include interception by third parties, transferring malware, unauthorised contact information and data manipulation in transit.

HM Treasury take the security of your data very seriously, so when sending data via email, please make sure that:

* you only use the mailboxes or contacts provided by HM Treasury,
* the person sending the data is authorised to act on your behalf,
* you are aware of the risks.

**Timing**

Once HMG has received the application, we will endeavour to process this within 3 weeks. This timing may vary if we require further information or evidence relating to your application.

**PRT Certificates**

Companies requiring PRT certificates should make their requests in writing or electronically to the address below. Companies should specify under which paragraph within the DRD they are making the request and the amount of decommissioning expenditure for which post-tax security is required. For this initial batch of certificates, companies should prioritise which certificates are required. For example, if the reference amount is not affected by having a certificate for a potential defaulter then in the first instance it is proposed that HMRC only issue a certificate in respect of the DRD holder.

Requests for PRT certificates should be sent to:

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| **HM Revenue & Customs****LB London****PRT Section****Oil & Gas Sector****Bush House, SW Wing****Strand** **London****WC2B 4RD** |

Queries on the PRT certificates can be emailed to: **prtcertificates.lboilandgas@hmrc.gov.uk**

**APPPLICATION FOR A DECOMMISSIONING RELIEF DEED**

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| **COMPANY:**  |  |
| **SUBMITTED BY:** (please include name, address, email address and telephone number) |  |

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| **1. QUALIFYING COMPANY – please show that you meet one of the criteria below**

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| CRITERIONThe company | EVIDENCE PROVIDED (please tick appropriate boxes) |

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| (i) has at any time carried out a ring-fenced trade; OR | [ ]  | Audited accounts, disclosing the company’s trading activities for a relevant year; and |
| [ ]  | A copy of the company’s corporation tax return for that year; or |
| [ ]  | (If no tax history is available as the company is new to the UK Continental Shelf): The relevant licence from DECC.  |
| (ii) is associated with a company carrying on a ring fence trade; OR | [ ]  | A copy of the share registers showing requisite ownership of ordinary share capital, to establish association with the company carrying on a ring fence trade (the ‘principal company’); and |
| [ ]  | Group structure diagram, known to be accurate at the relevant time (unless the principal company is a 100% direct parent or subsidiary); and |
| [ ]  | Latest audited accounts disclosing principal company’s trading activities; and |
| [ ]  | Corporation tax return of principal company for the same year as the accounts; and |
|  | [ ]  | Written confirmation from a director of the principal company that the ring fence trade is continuing |
| (iii) has been associated with a company that was (at the time of association) carrying on a ring fence trade; OR | [ ]  | A copy of the share registers showing requisite ownership of ordinary share capital, demonstrating the requisite ownership and the existence of the trade at the relevant time; and |
| [ ]  | Audited accounts disclosing principal company’s trading activities; and |
| [ ]  | Corporation tax return of principal company for the same year as the accounts. |
| (iv) is party to a joint operating agreement or unitisation agreement in relation to a cross-boundary field. | [ ]  | A copy of the joint operating agreement. |
| [ ]  | Written confirmation from a director that the company remains party and has no present intention to assign or otherwise dispose of its participation. |

**2. POWER AND CAPACITY (please show that you meet all of the below)**

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| CRITERION |  | EVIDENCE PROVIDED (please tick all boxes) |
| The company and individuals signing the DRD have the power and capacity to execute it | [ ]  | Certificate of incorporation (and any certificates of incorporation on change of name) to establish that the company is validly incorporated, in existence and duly registered; and |
| [ ]  | Constitutional documents (for a UK company, its memorandum and articles of association) to show whether the company is empowered to enter into and perform its obligations under the DRD; and |
| [ ]  | An extract of the minutes of a duly held meeting of (or a signed declaration from) the directors of the company authorising the execution by the company of the DRD; and |
| [ ]  | Power of attorney for the relevant authorised signatory/ies and/or a list of the company’s authorised signatories; and |
| [ ]  | An extract of a shareholder resolution authorising the execution by the company of the DRD (if required under the company’s articles of association or other constitutional documentation). |
| **3. THE DECOMMISSIONING RELIEF DEED (please show that you meet all of the below)** |
| CRITERION |  | EVIDENCE PROVIDED (please tick all boxes) |
| The company has included two copies of the DRD with all relevant sections filled in | [ ]  | Two signed copies of the Decommissioning Relief Deed are included; and |
| [ ]  | The front cover, the first page and Schedule 2 have the company’s details on them; and |
| [ ]  | The final page has been signed by the relevant people. |

 **4. DECLARATION**

I hereby confirm that, the company is authorised to enter into the DRD, no further authorisations are required for the company to do so and that those authorisations remain in force and have not been revoked or amended. I also confirm that the above evidence, which has been included in the company’s DRD application, is up-to-date and accurate.

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| **NAME:** |  |
| **POSITION:** |  |
| **SIGNATURE:** |  |
| **DATE:** |  |