

Bilagshæfte til bet. o. lovf. vedr. kulbrinteindvinding (kulbrinteskatteloven)

do not give any corresponding deduction for transportation costs beyond the United Kingdom. It is proposed for chargeable periods ending after 31 December 1981 to amend the point of charge for such sales so that UK value only is taken into account for North Sea taxes and royalty.

Valuation of Ethane for Petrochemical Use

7. The Finance Bill will also contain proposals to put the tax valuation of long term deals in ethane for petrochemical purposes other than at arm's length onto a similar basis to comparable arm's length deals. These proposals were announced by the Financial secretary to the Treasury, Mr. Nicholas Ridley MP, on 29 October 1981 (see Inland Revenue Press Release of that date).

Field determination

8. Oil and gas fields are determined for the purposes of PRT by the Secretary of State for Energy (or the Department of Commerce in Northern Ireland): such determinations may subsequently be varied in the light of new geological information. In some cases, oil production from an area may start before the area is determined as a new field, or, as the case may be, brought within an existing field on variation of an earlier determination. It is proposed to clarify the PRT treatment of expenditure incurred and oil produced in these circumstances.

Regional Development Grants

Regional Development Grants (paid under Part I of the Industry Act 1972) may be payable on certain oil and gas production assets. Such grants are currently disregarded for the purposes of expenditure relief against PRT and capital allowances against the »ring-fence« corporation tax on oil production profits. It is proposed that Regional Development Grants paid in respect of expenditure incurred after Budget Day should be treated as reducing the capital expenditure for the purposes of PRT and the corresponding capital allowances given against »ring-fence« corporation tax.

Corporation Tax: losses and charges

10. The »ring-fence« corporation tax rules are intended to prevent the tax on oil prod-

uction profits (»ring-fence profits«) being reduced by loss relief or group relief arising from other activities: for this purpose UK oil production is treated as a separate trade. In some cases, the rules can however work in reverse by preventing loss relief for past »ring-fence losses« against current profits from other activities. It is proposed to allow relief in these circumstances where it would have been available in the absence of the ring fence rules. It is also proposed to allow group relief for »non-ring-fence« charges which, under the present rules, can neither be set-off against »ring-fence« profits nor be surrendered to another member of the group. In both cases, legislation will have effect for accounting periods ending after Royal Assent.

Expenditure reliefs and the taxation of certain non-oil receipts

11. A consultative paper will be issued shortly, with a view to legislation in 1983, on the subject of PRT relief for certain types of expenditure – in particular expenditure on long-term assets the use of which is shared, or the user changed, over the life of the asset, and the taxation of incidental receipts (including pipeline tariffs) accruing to the owner from other users of these assets.

*Note for editors**Changes in the North Sea Tax regime*

12. When the Chancellor introduced Supplementary Petroleum Duty in 1980, he did so on a temporary basis (for the period of 18 months to 30 June 1982) in order to allow the oil industry time to make alternative proposals for taxation of the North Sea, should they wish to do so. Representations were received from the industry's representative bodies, UKOOA and BRINDEX, and from others, and these were considered in the Government's review of the North Sea Regime. Both representative bodies pressed for the abolition of SPD and suggested, at least as a temporary measure, meeting the Government's need for some revenue from fields in their fields in their early years of production through a system for advancing PRT take.