

2006 No.

CORPORATION TAX

PETROLEUM REVENUE TAX

The Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) (Amendment) Regulations 2006

<i>Made</i>	- - - -	2006
<i>Laid before the House of Commons</i>		2006
<i>Coming into force</i>	- -	2006

The Commissioners for Her Majesty's Revenue and Customs, in exercise of the powers conferred by section 61(8) of, and paragraphs 1(1), 4(1B)(a) and (3), 5(1)(h), 5A(1)(h), 7(3) and 12 of Schedule 10 to, the Finance Act 1987(a), section 133(1) of the Finance Act 1999(b) and section 151(15) of the Finance Act 2006(c), and now vested in them(d), make the following Regulations:

Citation, commencement and effect

1.—(1) These Regulations may be cited as the Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) (Amendment) Regulations 2006 and shall come into force on [2006].

(2) These Regulations shall have effect—

- (a) from 1st July 2006,
- (b) in relation to proposed sales whose transaction base time (see regulation 9) is a time on or after that date; and
- (c) not in relation to proposed transactions with a transaction base date (within the meaning in regulation 7 of the Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) Regulations 1987, prior to these Regulations) before that date.

Amendment of the Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) Regulations 1987

2. The Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) Regulations 1987(e) are amended as follows.

3. In the title and citation of those Regulations—

(a) 1987 c. 16; section 61 and Schedule 10 are amended by sections [150 and 151] of the Finance Act 2006, respectively.
(b) 1999 c. 16.
(c) 2006 c. [].
(d) The functions of the Commissioners of Inland Revenue were transferred to the Commissioners for Revenue and Customs by section 5 of the Commissioners for Revenue and Customs Act 2005 (c. 12).
(e) S.I. 1987/1338; there are no relevant amendments.

- (a) for “Petroleum Revenue Tax” substitute “Oil Taxation”;
- (b) omit “and Appropriations”.

4. In regulation 2 (interpretation)—

- (a) omit the definition of “composite nomination”; and
- (b) for the definition of “the Board” substitute—
 - ““the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;”.

5. For regulation 2A substitute—

“Excluded oil

2A. Oil which forms part of a participator’s equity production from an oil field shall be excluded from section 61 of the Finance Act 1987 if it is sold otherwise than under a Brent-Forties-Oseberg Forward contract.”

6. For regulation 3(2) and (3) (manner of making nominations) substitute—

“(2) A nomination shall—

- (a) be made in writing—
 - (i) in the case of a nomination made during business hours, by or on behalf of the participator who is proposing to carry out the sale in respect of which the nomination is made; and
 - (ii) in the case of a nomination made outside business hours, by or on behalf of the participator, where the participator (or group of which the participator is a member) is proposing to carry out the sale in respect of which the nomination is made;
- (b) in the case of a proposed sale of blended oil, name all the fields which, in relation to that blended oil, are originating fields; and
- (c) be transmitted to the Commissioners—
 - (i) at the e-mail address published by the Commissioners for the receipt of such nominations, from time to time, by e-mail electronic communications; or
 - (ii) in the case of disruption of e-mail communications, by telephonic facsimile transmission to the number published by the Commissioners for the receipt of such nominations, from time to time.

(3) For the purpose of determining whether the nomination is made within the period of two hours mentioned in paragraph 4(1)(a) or (1A)(a) of Schedule 10, the time of sending the transmission is to be used.

(3A) But transmission shall not be regarded as having been effected for the purposes of paragraph (2) until the nomination is received by the Commissioners at that address or number.”

7. In regulation 3(4) omit “(c)(v) above”.

8. Omit regulations 4 to 6.

9. For regulations 7 and 8 substitute—

“Transaction base time

7.—(1) This regulation prescribes the transaction base time for a proposed sale for the purposes of paragraph 4 of Schedule 10.

(2) The transaction base time is the time (and date) at which there is an agreed price (in the form of a unit price or formula for determination of the price) at which oil is to be

delivered pursuant to the contract of sale (irrespective of whether or not a legally binding agreement has come into being).”

10. In regulation 9 (nominal volume)—

- (a) in paragraph (1) omit “, or to supply or relevantly appropriate,”;
- (b) in paragraph (2) omit sub-paragraphs (b) to (d) and the immediately preceding word “or”; and
- (c) omit paragraph (3)

11. In regulation 10 (maximum tolerance) for “5” substitute “1”.

12. Omit regulations 11 to 18.

13. In regulation 19 (nominations of proposed transactions in blended oil having effect with respect to more than one field)—

- (a) in paragraph (1)—
 - (i) for “Subject to paragraph (2) below, a” substitute “A”;
 - (ii) omit “, supply or appropriation”;
 - (iii) omit from “; and in this and the next following” to the end; and
- (b) omit paragraph (2).

14. Omit regulation 20.

Name

2006 Two of the Commissioners for Her Majesty’s Revenue and Customs
EXPLANATORY NOTE
(This note is not part of the Regulations)

These Regulations amend the Petroleum Revenue Tax (Nomination Scheme for Disposals and Appropriations) Regulations 1987 (S.I. 1987/1338: “the principal Regulations”) (in future to be called the Oil Taxation (Nomination Scheme for Disposals) Regulations 1987).

[Sections 150 and 151] of the Finance Act 2006 amend section 61 of and Schedule 10 to the Finance Act 1987 (which provides for participators in oil fields to nominate proposed sales of oil). The nomination scheme previously had effect only for Petroleum Revenue Tax purposes but under [section 152] of the Finance Act 2006 it will have effect for Oil Taxation purposes generally including ring fence Corporation Tax and Supplementary Charge purposes.

Regulation 1 provides for Citation, commencement, and effect. The power to make the retrospective provision contained in regulation 1(2) is contained in section 61(8) of the Finance Act 1987 (as amended by [section 150(5)] of the Finance Act 2006).

Regulation 2 provides for amendment of the principal Regulations, and regulation 3 for their renaming. Regulations 3 to 14 make technical amendments to the principal Regulations.

Regulation 5 provides that proposed sales other than under a Brent-Forties-Oseberg Forward contract are excluded from section 61 of the Finance Act 1987 (and the nomination scheme).

Regulation 6 makes amendments to the manner of making nominations (the primary manner is by e-mail except in the case of disruption of e-mails when telephone facsimile may be used).

Regulation 9 defines the transaction base time for a proposed sale of oil. Regulation 11 amends the maximum volume tolerance from 5% to 1% (in line with the Brent-Forties-Oseberg Forward contract).

A Regulatory Impact Assessment for Part 5 of the Finance Act 2006 was prepared by Her Majesty’s Revenue and Customs and published on 22nd March 2006.