

# T11.12

## Profits from oil and gas production (1)

Analysis of petroleum revenue tax assessments made by end August 2011  
United Kingdom and United Kingdom Continental Shelf

Amounts: £ million

Chargeable period ended	30 Jun 2004	31 Dec 2004	30 Jun 2005	31 Dec 2005	30 Jun 2006	31 Dec 2006	30 Jun 2007	31 Dec 2007	30 Jun 2008	31 Dec 2008	30 Jun 2009	31 Dec 2009	30 Jun 2010	31 Dec 2010
<b>Gross profit</b>	4,259	4,474	5,278	5,636	6,388	4,919	4,593	4,913	6,646	5,409	3,773	3,822	4,609	4,416
<b>plus other chargeable receipts</b>	366	324	303	299	316	288	281	240	257	257	229	211	216	178
<b>less North Sea royalties (2)</b>	5	3	3	4	4	3	3	2	3	2	2	2	3	2
<b>less field expenditure claimed in period</b>	1,810	2,006	2,061	2,155	2,068	2,335	2,215	2,185	2,139	2,321	2,149	2,259	2,261	2,484
<b>less cross field reliefs claimed in period (3)</b>	85	80	59	42	26	19	23	11	15	17	31	26	26	18
<b>less losses brought forward</b>	73	102	132	159	131	56	57	94	80	66	101	84	140	93
<b>less losses carried back</b>	22	18	3	13	79	57	110	0	70	53	37	5	26	0
<b>Assessable Profits</b>	2,630	2,589	3,322	3,561	4,395	2,737	2,465	2,861	4,596	3,207	1,682	1,657	2,370	1,997
<b>less cash equivalent of oil allowance</b>	1,103	1,159	1,241	1,493	1,659	1,206	1,046	1,249	1,555	1,102	681	645	752	526
<b>Assessable profits after oil allowance</b>	1,527	1,430	2,081	2,068	2,736	1,531	1,419	1,612	3,041	2,105	1,001	1,011	1,618	1,471
<b>Assessable PRT before safeguard</b>	764	715	1,041	1,034	1,368	766	709	806	1,521	1,052	500	506	809	736
<b>reduction due to safeguard restriction</b>	102	43	42	15	10	0	0	0	0	0	0	0	0	0
<b>Petroleum tax payable</b>	662	673	999	1,019	1,358	766	709	806	1,521	1,052	500	506	809	736
<b>Memorandum item: Repayment of PRT from carry back of losses made in the period:</b>														
<b>Principal</b>	22	12	14	5	8	19	20	70	17	11	16	34	8	26
<b>Interest</b>	3	2	2	1	1	1	3	5	5	3	1	1	0	1

(1) An explanation of the tax regime in the UK North Sea can be found in 'Description of Tax' which accompanies these National Statistics tables on corporate taxes. Fields given development approval after 16th March 1993, which are not liable to petroleum revenue tax, are excluded from this table.

(2) North Sea royalty was abolished from 1 January 2003. A negative sign indicates a repayment.

(3) Consisting of exploration and appraisal relief, cross-field allowance, research relief and relief for unrelieved abandoned field loss.

### Notes on the Table

#### Petroleum revenue tax assessments

1. This table summarises the assessments of accruals of PRT liabilities so far made for each six month period, from the first half of 2004 to the second half of 2010. Estimated assessments, which may later be revised, are included. They may subsequently change following HMRC tax assessments and because tax relief for 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; it is split between repayments of principal and associated interest. There is thus no simple direct link between the amounts of PRT paid in each financial year and the amounts shown as payable for each reporting period.

This table was updated in September 2011 and the next update is due in March 2012.

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