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[Petroleum Revenue Tax and  
government revenues from UK oil  
and gas production](#)

# Statistics of Government revenues from UK oil and gas production



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**Statistics of Government revenues from UK oil and gas production** – including related assessment data for fields subject to Petroleum Revenue Tax (PRT)

### **About these statistics**

This is a National Statistics publication produced by HM Revenue and Customs. For more information on National Statistics and governance of statistics produced by public bodies please see the UK Statistics Authority website ([www.statisticsauthority.gov.uk](http://www.statisticsauthority.gov.uk)).

### **Key messages**

#### **Table 11.11 - Government revenues from UK oil and gas production (updated May 2015)**

- Between 2013-14 and 2014-15, total revenues fell by 54% from £4.7 billion to £2.1 billion. This was due to falling prices, lower production and higher expenditure.
- Between these years, corporation tax revenues have fallen by over 40% from £3.6 billion to £2.1 billion while PRT revenues fell by over 90% from £1.1 billion to £0.1 billion.

#### **Table 11.12 - Petroleum Revenue Tax assessments (updated January 2016)**

- Profits assessable to PRT for the 12 months ending 30 June 2015 were £1,116 million, a decline of 55% compared with 12 months ending 30 June 2014. This is due to lower production in fields liable for PRT, a decline in the oil price of around 30% and a reduction in the gas price of over 20%.
- PRT payable after oil allowance and safeguard for the 12 month period ending 30 June 2015 was £473 million, a decline of 57% compared with the period ending 30 June 2014.

#### **Table 11.13 – Oil and Gas fields with Petroleum Revenue Tax liabilities (updated January 2016)**

- For the PRT half year chargeable period ending 30 June 2015 there were 54 fields with gross profits chargeable to PRT of over £1 million. Of these, 28 fields did not pay any PRT as their profits were covered by allowances. Of the remaining 26 fields which paid PRT, eight of these were liable for around 86% of the total PRT payable in this six month period.

## **Statistics published by HMRC for UK Oil and Gas sector**

1. Name of publication: Table 11.11 Government revenues from UK oil and gas production.  
Last published: May 2015  
Next publication date: May 2016  
Frequency of publication: Once a year, in May
2. Name of publication: Table 11.12 Analysis of Petroleum Revenue Tax assessments.  
Last published: January 2016  
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3. Name of publication: Table 11.13 Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities.  
Last published: January 2016  
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### **New or updated statistics in this release**

- In this January 2016 publication, Tables 11.12 and 11.13 have been updated to include statistics relating to PRT assessments for the half year chargeable period ending 30<sup>th</sup> June 2015.
- Small revisions have also been made to previous chargeable periods due to amended assessments issued within the last 6 months.

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## Section 1

### **Current UK Oil and Gas Fiscal Regime**

The tax regime which applies to exploration and production of oil and gas in the UK and on the United Kingdom Continental Shelf (UKCS) currently comprises of three elements:

#### **'Ring Fence' Corporation Tax (RFCT)**

This is calculated in the same way as the standard corporation tax applicable to all companies but with the addition of a '*ring fence*' and the availability of *100% first year allowances for virtually all capital expenditure*. The ring fence prevents taxable profits from oil and gas extraction in the UK and UKCS being reduced by losses from other activities or by excessive interest payments. The current rate of tax on ring fence profits is **30%** and is set separately from the rate of mainstream corporation tax.

#### **Supplementary Charge (SC)**

This is an additional charge on a company's ring fence profits (but with no deduction for finance costs). With effect from 1 January 2015 the rate is **20%** (previously the rate was 32%). From 1 April 2015, the charge to supplementary charge may be reduced to zero on a slice of production income by the investment allowance, cluster area allowance or onshore allowance

#### **Petroleum Revenue Tax (PRT)**

This is a field based tax charged on profits arising from oil and gas production from individual oil and gas fields which were given development consent before 16 March 1993. With effect from 1 January 2016 the rate is **35%** (previously the rate was 50%). PRT is deductible as an expense in computing profits chargeable to ring fence corporation tax and supplementary charge.

## Section 2

### Table 11.11: Government revenues from UK oil and gas production

#### Table information and briefing (released 29 May 2015)

Table 11.11 shows historic receipts from all taxes levied on exploration and production activities of UK oil and gas from the UK and UK continental shelf. The table covers all years from 1968-69 to the last year for which we have total receipts figures, which is currently 2014-15. The table is supplemented by charts illustrating the changes in receipts from 1984-85 (chart C1) and the trends of oil prices compared with production and expenditure from 1984 (chart C2).

- Revenues from UK oil and gas production were £2.1 billion in 2014-15, a fall of around 54% compared to the previous 12 months. This was due to falling oil prices, lower production and higher expenditure.
- In 2013-14, revenues fell by around 24% to £4.7 billion as a result of lower production and higher expenditure and then fell again in 2012-13 by around 43% to £6.1 billion.
- In 2011-12, revenues were £10.9 billion as a result of high oil prices and from the higher rate of SC which was increased from 20% to 32% on the 24<sup>th</sup> of March 2011.

#### Changes to statistics in May 2015 release

- Table 11.11 was extended by one year to include 2014-15 receipts, with related charts also extended by one year.
- The table includes a revision to Ring Fence Corporation Tax receipts for 2012-13 (from £4,393 million to £4,412 million) to account for group payments that we have identified as not relating to UK oil and gas production operations.
- We have introduced a method of identifying group payments relating to non-ring fence operations (outside UK oil & gas production) at an earlier stage than when the payments are distributed between company liabilities which are given in their tax returns. Therefore, CT revenues featured in the table for 2013-14 and 2014-15 more accurately reflect the underlying level of ring fence payments and further revisions to the numbers are expected to be relatively small.

Table, charts and supporting notes

# T11.11 Government revenues from UK oil and gas production



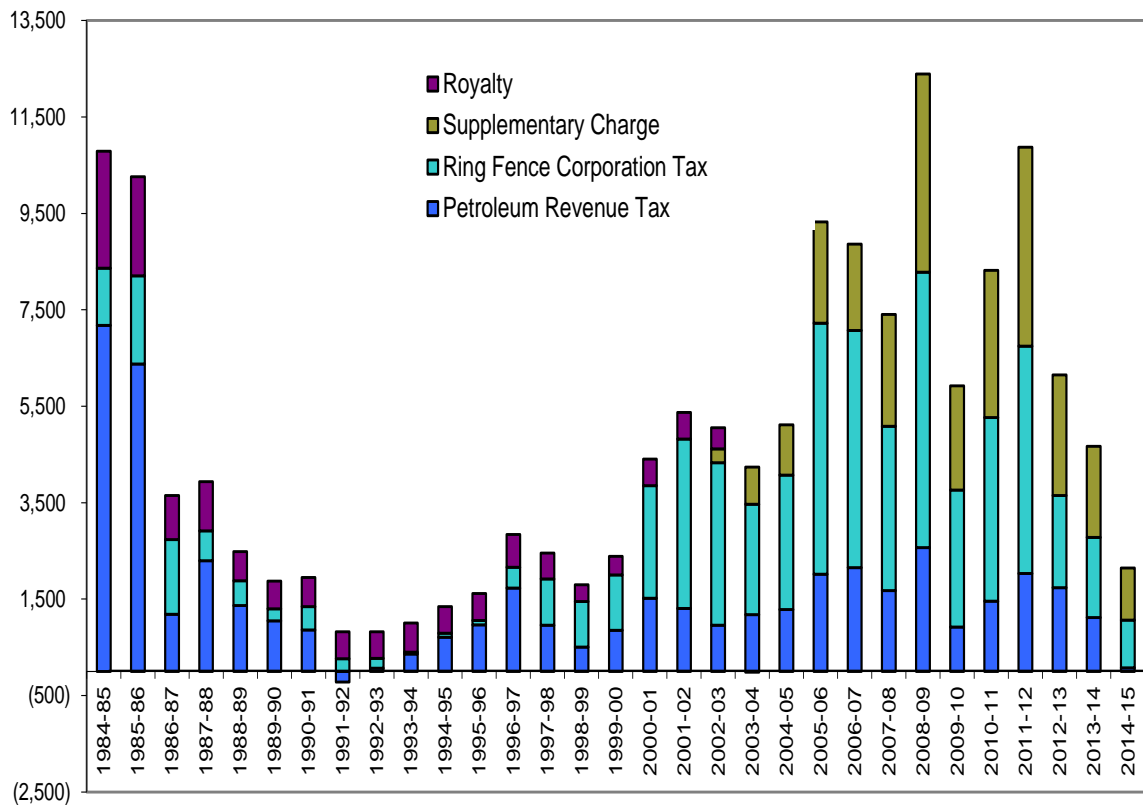
Amounts: £ million

Year	Total revenues (excluding gas levy)	Petroleum revenue tax	Supplementary petroleum duty	Corporation Tax				Royalty	Gas levy	
				Total	ACT	Ring Fence CT	Supplementary charge		Gross	Net of CT claw back
1968-69	1	-	-	-	-	-	-	1	-	-
1969-70	2	-	-	-	-	-	-	2	-	-
1970-71	5	-	-	2	-	2	-	3	-	-
1971-72	10	-	-	4	-	4	-	6	-	-
1972-73	15	-	-	4	-	4	-	11	-	-
1973-74	15	-	-	3	-	3	-	12	-	-
1974-75	20	-	-	5	-	5	-	15	-	-
1975-76	25	-	-	5	-	5	-	20	-	-
1976-77	81	-	-	10	-	10	-	71	-	-
1977-78	238	-	-	10	-	10	-	228	-	-
1978-79	565	183	-	93	40	53	-	289	-	-
1979-80	2,313	1,435	-	250	78	172	-	628	-	-
1980-81	3,743	2,410	-	341	97	244	-	992	-	-
1981-82	6,492	2,390	2,025	681	270	411	-	1,396	383	383
1982-83	7,822	3,274	2,395	521	202	319	-	1,632	471	272
1983-84	8,798	6,017	-	877	430	447	-	1,904	522	277
1984-85	12,035	7,177	-	2,432	1,244	1,188	-	2,426	500	239
1985-86	11,348	6,375	-	2,916	1,085	1,831	-	2,057	525	300
1986-87	4,783	1,188	-	2,676	1,130	1,546	-	919	515	305
1987-88	4,618	2,296	-	1,298	681	617	-	1,024	502	322
1988-89	3,168	1,371	-	1,195	685	510	-	602	407	231
1989-90	2,368	1,050	-	743	495	248	-	575	335	193
1990-91	2,312	860	-	847	363	484	-	605	291	174
1991-92	979	(216)	-	638	370	268	-	557	282	182
1992-93	1,305	69	-	682	480	202	-	554	287	193
1993-94	1,223	359	-	258	219	39	-	606	240	145
1994-95	1,642	712	-	380	299	81	-	550	175	96
1995-96	2,289	968	-	766	674	92	-	555	161	107
1996-97	3,303	1,729	-	890	460	430	-	684	198	132
1997-98	3,277	963	-	1,779	821	958	-	535	200	133
1998-99	2,452	504	-	1,605	655	950	-	343	-	-
1999-2000	2,510	853	-	1,268	120	1,148	-	389	-	-
2000-01	4,402	1,521	-	2,329	-	2,329	-	552	-	-
2001-02	5,370	1,307	-	3,515	-	3,515	-	548	-	-
2002-03	5,054	958	-	3,662	-	3,369	293	434	-	-
2003-04	4,223	1,179	-	3,057	-	2,291	766	(13)	-	-
2004-05	5,115	1,284	-	3,831	-	2,790	1,041	-	-	-
2005-06	9,323	2,016	-	7,307	-	5,210	2,097	-	-	-
2006-07	8,864	2,155	-	6,709	-	4,919	1,790	-	-	-
2007-08	7,408	1,680	-	5,728	-	3,402	2,326	-	-	-
2008-09	12,393	2,567	-	9,826	-	5,716	4,110	-	-	-
2009-10	5,921	923	-	4,998	-	2,839	2,159	-	-	-
2010-11	8,322	1,458	-	6,864	-	3,810	3,054	-	-	-
2011-12	10,872	2,032	-	8,840	-	4,714	4,126	-	-	-
2012-13	6,149	1,737	-	4,412	-	1,916	2,496	-	-	-
2013-14	4,671	1,115	-	3,556	-	1,665	1,891	-	-	-
2014-15	2,148	75	-	2,073	-	993	1,080	-	-	-

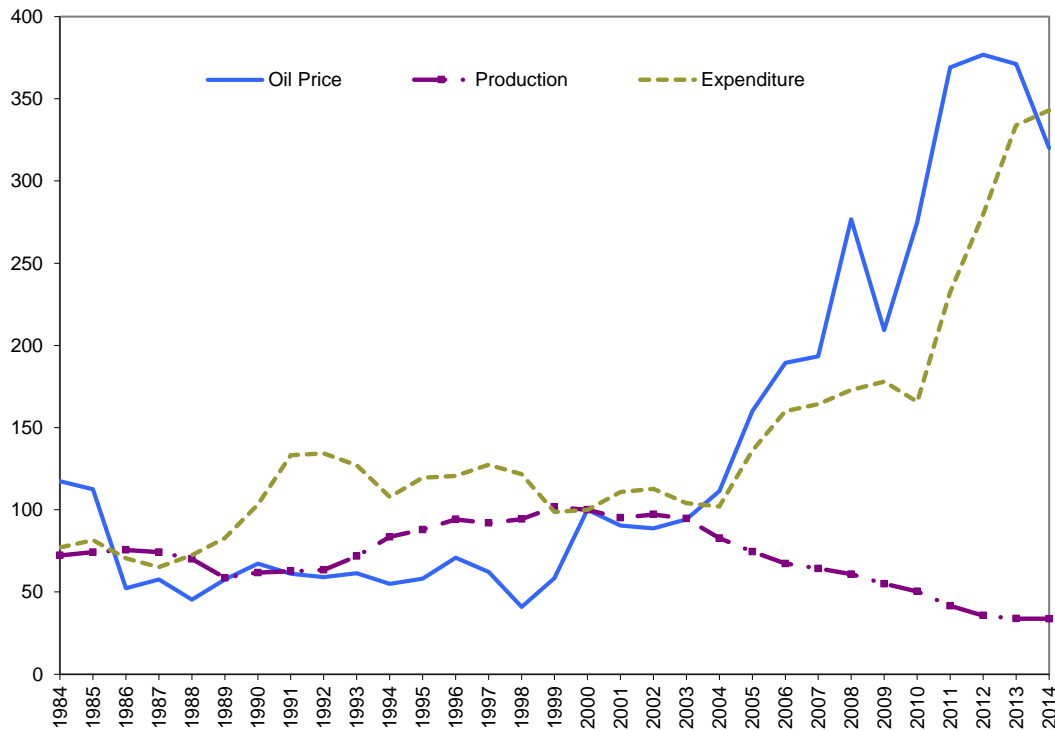
**Footnotes**

1. Figures for Corporation Tax for 2013-14 and 2014-15 are provisional and subject to change in the future when payments originally made in respect of groups of companies for which some companies are within the ring fence oil and gas tax regime and some are not are subsequently re-allocated to individual companies within the groups.
2. The table reflects the evolving tax regime for the UK Oil & Gas industry, so there are changes in the types of duties levied featured throughout the years in this table. Some examples of the changes are as follows:
  - Supplementary Petroleum Duty charged for only 2 years in the 1980's.
  - Royalties abolished in 2002, although there were some residual repayments made in 2003.
  - Introduction of the CT supplementary charge in 2002.

**CHART C1: Government revenues from UK oil and gas production (£ million)**



**CHART C2**  
**UK oil and gas production, the sterling oil price and total expenditure**  
*Index series based on 2000 = 100*



**Notes on the Table and Charts (11.11, C1 and C2)**  
**Government revenues from oil and gas production**

1. Table 11.11 summarises the tax revenues from oil and gas production in the UK and its continental shelf since 1968-69. The yield from the gas levy is shown in the table, but it is excluded in estimates of the total tax on income from oil and gas production because it is categorised as a tax on expenditure.
2. The Corporation Tax estimates include the mainstream tax and the Advanced Corporation Tax (ACT) set-off against the tax charged. Dividends attributable to UK oil and gas production cannot be separately identified from other dividends and therefore the amount of ACT set-off is estimated.
3. CT supplementary charge receipts cannot be specifically identified when payments are made so they have been estimated using the latest assessment data.
4. Chart C1 shows the annual tax yield and its separate components since 1984-85. Chart C2 shows three of the main determinants of tax liability: annual production, the sterling oil price, and total expenditure. Each is shown as an index based on 2000 = 100 and the absolute values in 2000 were as follows:

Production: 215 million tonnes of oil and the energy equivalent of gas (121 million tonnes of oil and natural gas liquids; 94 million tonnes oil equivalent of gas);

Oil price: £141 per tonne (£18.70 per barrel) averaging over 2000;

Total expenditure: £7.7 billion of capital, operating and exploration and appraisal expenditure.

5. The tax yield more than halved in 1986-87 because of the comparable fall in the oil price in 1986. Subsequently, it continued to fall as expenditure rose but from 1992-93 to 1996-97, the yield rose steadily in line with rising production and some recovery in oil prices. From 1997-98 to 1999-2000 the yield dropped in line with falling oil prices then rose again as oil prices increased.
6. The yield increased for 2005-06, boosted by a change in the instalment regime for UK Oil & Gas companies, but declined in 2006-07 and 2007-08 as a result of lower production and higher costs. There was a considerable increase in receipts in 2008-09 due to record oil and gas prices, but yield decreased by half in 2009-10 as prices dropped significantly, production declined and expenditure increased. Despite rising expenditure and the continuing falls in production, yield increased in 2010-11 and 2011-12 as prices rose from 2009 levels significantly and the CT supplementary charge was increased to 32% from 24<sup>th</sup> March 2011.
7. The steep increase in oil prices from 2003 through to 2011 served to inflate running costs and release capital for investment so expenditure increased during this period. Although the expenditure increases would have the effect of reducing revenues, this was outweighed by the impact of rising oil prices and the trend of revenues over this period was broadly in line with oil price trends. Since 2012-13, tax revenues have dropped significantly as a result of higher expenditure, lower production and falling oil prices.
7. Information on the current oil price (Brent crude) is available from [Bloomberg.com](http://Bloomberg.com)
8. Further information about UK Oil & Gas is available at [Oil and Gas Authority](http://Oil and Gas Authority).

## **Table 11.12: Analysis of Petroleum Revenue Tax assessments**

### **Table information and briefing (for January 2016 release)**

The table covers Petroleum Revenue Tax (PRT) assessments raised on companies participating in fields given development consent on or before 16<sup>th</sup> March 1993 and the participators are charged PRT on chargeable profits made. The assessments are raised for half year accounts periods ending 30<sup>th</sup> June (H1) and 31<sup>st</sup> December (H2). The current table covers assessments for the second half of 2008 to the first half of 2015.

### **Change in 2015 H1 assessments compared with 2014 H2 assessments**

- As a result of lower losses, PRT assessable profits were £610 million in 2015 H1, an increase of 21% in comparison with 2014 H2.
- Income (gross profit) from oil and gas extraction dropped by around 19% to £2,390 million between 2014 H2 and 2015 H1, while field expenditure claimed also declined (by around 24%) to £1,870 million over the same period.
- There was £58 million in assessable profit relieved by oil allowance in 2015 H1. The introduction of oil allowance in the Oil Taxation Act 1975 was to protect the economics of small or marginal fields and provide a PRT free first slice of production to each field.
- This left 2015 H1 profit after oil allowance of £552 million and a consequential PRT tax charge at 50% of £276 million, representing an increase in PRT revenues of around 40% compared with 2014 H2.

### **Comparison with previous 12 month**

- Comparing the 12 months ending 30 June 2015 with the period ending 30 June 2014, gross profits fell by around 33% to £5,325 million largely due to lower production and falling oil and gas prices while assessable profits for PRT dropped by around 55% to £1,116 million.
- There was a decrease of around 18% in field expenditure to £4,327 between 12 months ending 30 June 2015 and the period ending 30 June 2014. Over the same period, oil allowance fell by around 39% to £170 million, leaving profits chargeable to PRT of £946 million, a reduction of 57%.
- The resulting PRT charge for the 12 months ending 30 June 2015 was £473 million, a fall of around 57% compared with the previous 12 month period.

### **Changes to statistics in January 2016 release**

- Data for 2015 H1 has been added to Table 11.12 and data for 2008 H1 has been dropped.

## Table and supporting notes

### T11.12

#### Analysis of Petroleum Revenue Tax assessments (1)

Assessments made by end November 2015  
United Kingdom and United Kingdom Continental Shelf

Amounts: £ million

Six month chargeable period ending	31 Dec 2008	30 Jun 2009	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011	30 Jun 2012	31 Dec 2012	30 Jun 2013	31 Dec 2013	30 Jun 2014	31 Dec 2014	30 Jun 2015
<b>Gross profit</b>	5,410	3,774	3,823	4,611	4,416	4,731	4,907	4,987	4,293	4,587	4,084	3,859	2,935	2,390
<b>plus other chargeable receipts</b>	259	233	213	219	181	344	190	172	167	252	138	135	171	168
<b>less royalties (2)</b>	3	3	2	3	2	2	3	3	2	3	2	3	2	3
<b>less field expenditure claimed in period</b>	2,323	2,148	2,266	2,256	2,483	2,359	2,460	2,359	2,587	2,630	2,691	2,604	2,457	1,870
<b>less cross field reliefs claimed in period (3)</b>	17	31	26	26	18	12	15	59	60	16	5	8	1	12
<b>less losses brought forward</b>	70	101	84	132	93	172	85	67	45	248	158	202	140	63
<b>less losses carried back</b>	137	89	26	222	82	237	289	226	88	97	23	37	0	0
<b>Assessable Profits</b>	3,119	1,636	1,632	2,192	1,919	2,293	2,245	2,447	1,677	1,344	1,344	1,140	506	610
<b>less cash equivalent of oil allowance</b>	1,095	667	645	708	520	584	333	364	149	230	181	97	112	58
<b>Assessable profits after oil allowance</b>	2,025	969	987	1,484	1,399	1,709	1,913	2,083	1,529	1,614	1,163	1,043	394	552
<b>Assessable PRT before safeguard</b>	1,013	485	494	742	700	854	956	1,042	764	807	582	521	197	276
<b>reduction due to safeguard restriction</b>	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Petroleum revenue tax payable</b>	1,013	485	494	742	700	854	956	1,042	764	807	582	521	197	276
<b>Memorandum item: Repayment of PRT from carry back of losses made in the period (4):</b>														
<b>Principal</b>	12	17	36	12	41	63	101	88	158	127	263	295	308	0
<b>Interest</b>	3	1	1	1	2	5	10	11	13	12	0	0	0	0

## Footnotes

1. Fields given development approval after 16th March 1993, which are not liable to Petroleum Revenue Tax, are excluded from this table.
2. Royalties were abolished from 1 January 2003. The continuing deductions in the assessments relate to licence fees that companies still have to pay to DECC.
3. Consisting of exploration and appraisal relief, cross-field allowance, research relief and relief for unrelieved abandoned field loss.
4. Due to early publication of assessment data for the latest half year period, no repayments have yet been made as a result of losses carried back from this period. The repayments for this period will however be featured in the next publication.

## Notes on the table (11.12)

### Petroleum Revenue Tax assessments

1. Table 11.12 summarises the assessments of accruals of PRT liabilities so far made for each six month period, from the second half of 2008 to the first half of 2015. Estimated assessments, which may later be revised, are included. They may subsequently change following HMRC tax assessments and because tax relief for losses and 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 of PRT paid in each financial year and the amounts shown as payable for each reporting period.

## **Table 11.13: Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities**

### **Table information and briefing (for January 2016 publication)**

The table shows the numbers of fields assessed for petroleum revenue tax with gross profits of over £1 million in a six month chargeable period. The table includes the numbers of fields whose profits are covered by expenditure and allowances and those paying Petroleum Revenue Tax (PRT) at different levels.

#### **Number of fields charged to PRT in 2015 H1**

- Although there were 54 fields in 2015 H1 with gross PRT profits above £1 million just over half of them were not liable to PRT by virtue of having insufficient net profits after taking into account field expenditure, reliefs and allowances.
- Of the 26 fields paying PRT, the 8 with the largest PRT liabilities over £10 million accounted for the majority of tax liabilities in the half year period: £237 million out of a total of £276 million.

#### **Historical number of fields chargeable and paying PRT**

- PRT only applies to fields given development consent before March 1993 and the number of fields with gross profits and other chargeable receipts of over £1 million in the chargeable period assessed for PRT has been generally declining, from 75 in the second half of 2008 to 54 in the first half of 2015 as fields are taken out of production.
- But the number of fields actually paying PRT after allowances and reliefs has remained more constant, averaging at around 26 fields between 2008 H2 and 2015 H1.

#### **Changes to statistics in January 2016 release**

- Data for 2008 H1 has been dropped and data for 2015 H1 added to Table 11.13 in this release.

## Table and supporting notes

# T11.13

### Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities (1)

Fields with gross profits and other chargeable receipts of over £1 million in chargeable period

Numbers: actual; Amounts: £ million

Six month chargeable period ending	31 Dec 2008	30 Jun 2009	31 Dec 2009	30 Jun 2010	31 Dec 2010	30 Jun 2011	31 Dec 2011	30 Jun 2012	31 Dec 2012	30 Jun 2013	31 Dec 2013	30 Jun 2014	31 Dec 2014	30 Jun 2015
<b>Number of fields not paying PRT</b>														
All gross profits covered by expenditure/allowable losses	18	25	29	26	26	20	21	18	26	26	27	27	27	21
All assessable profits covered by oil allowance and safeguard	29	28	23	23	21	18	20	21	15	15	15	13	8	7
<b>Total not paying PRT</b>	<b>47</b>	<b>53</b>	<b>52</b>	<b>49</b>	<b>47</b>	<b>38</b>	<b>41</b>	<b>39</b>	<b>41</b>	<b>41</b>	<b>42</b>	<b>40</b>	<b>35</b>	<b>28</b>
<b>Number of fields paying PRT</b>														
Under £10 million	12	12	14	12	10	10	8	9	8	7	8	10	15	18
Over £10 million	16	13	10	15	18	20	19	18	19	19	15	13	9	8
<b>Total paying PRT</b>	<b>28</b>	<b>25</b>	<b>24</b>	<b>27</b>	<b>28</b>	<b>30</b>	<b>27</b>	<b>27</b>	<b>27</b>	<b>25</b>	<b>23</b>	<b>23</b>	<b>24</b>	<b>26</b>
<b>Total number of fields assessed</b>	<b>75</b>	<b>78</b>	<b>76</b>	<b>76</b>	<b>75</b>	<b>68</b>	<b>68</b>	<b>66</b>	<b>68</b>	<b>66</b>	<b>65</b>	<b>63</b>	<b>59</b>	<b>54</b>
<b>Amount of PRT payable</b>														
Under £10 million	39	39	44	43	33	40	29	38	21	12	16	21	44	39
Over £10 million	974	446	450	699	667	814	927	1,004	743	795	566	500	153	237
<b>Total PRT payable</b>	<b>1,013</b>	<b>485</b>	<b>494</b>	<b>742</b>	<b>700</b>	<b>854</b>	<b>956</b>	<b>1,042</b>	<b>764</b>	<b>807</b>	<b>582</b>	<b>521</b>	<b>197</b>	<b>276</b>

#### Footnotes

1. Fields given development approval after 16th March 1993, which are not liable to petroleum revenue tax, are excluded from this table.

## **Notes on the table (11.13)**

### **Numbers of oil and gas fields with different Petroleum Revenue Tax liabilities**

1. Table 11.13 shows accruals of PRT liabilities for the periods shown. They may subsequently change following HMRC tax assessments and because tax relief for losses and decommissioning costs in subsequent years may be deductible against some profits that would otherwise be subject to PRT in these periods. In this table, the amount of tax for each field is the sum of the amount shown on the assessments for all the companies with an interest in the field. For the more recent periods, the numbers of fields with particular levels of liabilities will be revised as further assessments are made.

## Section 3

### Background Information

#### Methodology

Table 11.11 is updated from the latest receipts data held on HMRC accounting records and these figures are agreed as a definitive measure of receipts for the HMRC Financial Statements and Accounts. For corporation tax, the initial payment of a large percentage of instalments into the HMRC group payment accounts are recorded as ring fence UK oil and gas receipts, but these figures can be revised when the group payments are distributed between liabilities for participating companies. We are now asking companies to provide details of the proportion of their payments relating to non ring fence charges so our initial recording of receipts relating to exploration and production operations is more accurate, but there is still likely to be small adjustments when liabilities are finalised. The CT receipts are recorded using a link to the HMRC Corporation Tax system which holds all payment records. There is an ongoing reconciliation of PRT receipts with HMRC Finance department (as recommended by NAO) to ensure accuracy of recording.

Tables 11.12 and 11.13 data are downloaded from a system which records all PRT assessments raised by HMRC Large Business (LB) - oil & gas branch. This source is updated regularly by LB and includes the initial bulk issue assessments raised by LB in May and November and any subsequent amendments.

#### Statistical quality

The National Audit Office (NAO) undertake a yearly audit of PRT and CT receipts to ensure accurate recording. Recording of PRT receipts by HMRC analytical department KAI is reconciled on a monthly basis with figures produced by HMRC's Finance department, as recommended by NAO.

The PRT assessment data for tables 11.12 and 11.13 is provided by LB which are then checked against HMRC accounting systems by KAI.

There is a quality assurance process in place for the output of all tables as the prepared outputs are checked by managers and signed off by senior officials before they are released.

The statistics are consistent with publications released by ONS, DECC and OBR.

#### User engagement

We are committed to providing impartial quality statistics that meet our users' needs. We encourage our users to engage with us so we can improve our official statistics and identify gaps in the statistics that we produce. If you would like to comment on these statistics or have any enquiries on the statistics please use the statistical contacts provided in this document.

## **Uses of the statistics**

HMRC use these statistics to answer parliamentary questions and to inform policy decisions. Our users also use the statistics for media, research and forecasting purposes.

## **Abbreviations**

HMRC	HM Revenue & Customs
KAI	Knowledge Analysis Intelligence (HMRC's analysis directorate)
LB	Large Business (HMRC directorate)
NAO	National Audit Office
OBR	Office for Budget Responsibility
OGA	Oil and Gas Authority
OGUK	Oil & Gas UK (industry trade body)
DECC	Department of Energy and Climate Change
ONS	Office for National Statistics
PRT	Petroleum Revenue Tax
CT	Corporation Tax
RFCT	Ring Fence Corporation Tax
ACT	Advanced Corporation Tax
SC	Supplementary Charge

## **Glossary of terms**

Ring fence	Term used for the boundaries within which the special tax regime for oil and gas exploration and production activity in the UK and UK continental shelf applies.
Royalties	Royalties were broadly levied at 12.5 % of the value of production, less some specific costs, for fields approved before 1 <sup>st</sup> April 1982. Royalties were deductible from gross profits in arriving at profits chargeable to CT and PRT. Royalties were abolished from 1 <sup>st</sup> January 2003. The continuing deductions in the PRT assessments relate to licence fees that companies still have to pay to DECC.
Cross field reliefs	PRT is a field based tax and these reliefs and allowances can be passed from one field to another in certain circumstances.
Safeguard restriction	Safeguard deduction is aimed at ensuring marginal fields remain profitable. It does this by restricting the amount of PRT payable by a company for their share in a field in a chargeable period if the effect of the PRT would be to reduce after-tax profit below a minimum return on investment in the field. Safeguard is only available for a limited number of periods, so this is why the restriction has decreased to nil in recent years.

Cash equivalent of Oil allowance	The oil allowance featured in table 11.12 is referred to in terms of cash equivalent as the allowance itself is calculated in terms of a free slice of production (in million tonnes), so the deduction in the table is the cash value of that free slice of production.
Development Approval	DECC approve and issue licences for companies to operate fields in the UK and UK continental shelf. More information about licences can be obtained from the licensing section of the DECC website: <a href="#">Oil and gas - Licensing - GOV.UK</a>
Advanced Corporation Tax	Component of Corporation Tax levied on dividend payments. ACT was abolished in 1999.

### **Useful links**

[Oil and Gas Authority](#) (GOV.UK)

[UK Statistics Authority](#) (GOV.UK)

[Oil & Gas UK](#) (industry trade body)