

## Estimated cost of upstream oil and gas tax reliefs in recent years (£ million)

	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	Note
<b>Corporation tax</b>									
Rate of Ring Fence Corporation Tax (RFCT) during fiscal year	30%	30%	30%	30%	30%	30%	30%	30%	
Rate(s) of Supplementary Charge (SC) during fiscal year	32%	32%	32/20%	20/10%	10%	10%	10%	10%	
First-year capital allowances for plant and machinery	n/a	7,910	5,900	3,600	2,400	1,750	1,550	1,710	(1)
Tax relief for decommissioning expenditure	n/a	450	850	540	480	520	580	590	(2)
Investment Allowance used against Supplementary Charge	25	45	60	130	95	150	320	220	(3)
<b>Net (Post-Reliefs) Revenue from RFCT &amp; SC</b>	<b>4,412</b>	<b>3,556</b>	<b>2,026</b>	<b>560</b>	<b>295</b>	<b>1,757</b>	<b>1,912</b>	<b>1,391</b>	
<b>Petroleum revenue tax (PRT)</b>									
Rate(s) of PRT during fiscal year	50%	50%	50%	50/0%	0%	0%	0%	0%	
Tax relief for decommissioning expenditure	n/a	185	250	420	310	220	170	240	(4)
Oil allowance	95	80	35	35	0	0	0	0	(5)
Relief for exploration and appraisal expenditure	10	neg	0	0	0	0	0	0	
Cross field allowance	0	0	0	0	0	0	0	0	
Relief for research expenditure	neg	neg	neg	neg	0	0	0	0	
Unrelieved field loss	35	5	5	30	0	0	0	0	
<b>Net (Post-Reliefs) Revenue from PRT</b>	<b>1,737</b>	<b>1,118</b>	<b>77</b>	<b>-562</b>	<b>-654</b>	<b>-569</b>	<b>-744</b>	<b>-431</b>	
<i>Total tax relief for decommissioning expenditure</i>	<i>n/a</i>	<i>635</i>	<i>1,100</i>	<i>960</i>	<i>790</i>	<i>740</i>	<i>750</i>	<i>830</i>	<i>(2)+(4)</i>

Note 1: The reduction in oil and gas capital allowances from 2014-15 to 2018-19 is due to a fall in qualifying spend (which fell from £17 bn to £9 bn) and a reduction in the value of relief (from 62% to 40%).

Note 2: Tax relief from expenditure to decommission oil and gas infrastructure on the UKCS. There may be some overlap with the previous line.

Note 3: These figures represent the reduction in Ring-Fence Corporation Tax (the Supplementary Charge element) due to field and investment allowances. This has been calculated using company returns data.

Note 4: These figures have been estimated using company return data.

Note 5: These figures are net of any consequential effect on corporation tax and represent the effect on calendar year accruals for fields where PRT is paid. Since 2016-17 the value of relief is zero by virtue of the reduction in the rate of PRT to 0% from the start of 2016.

*There have been some significant changes to tax rates over the period covered by these statistics so the relevant rates are shown above. To put the cost of the reliefs into context, the table also reports the latest published net (post-relief) revenue totals for RFCT/SC and PRT.*

Source: HMRC reliefs data last updated 10 October 2019.