

TAX BRIEFING NOTE

PETROLEUM REVENUE TAX

JANUARY 2023

What is it?

Petroleum revenue tax is a tax on the profits from oil extraction from fields where consent was given before 16 March 1993. It was introduced under the Oil Taxation Act 1975 but was effectively abolished in the 2016 budget when the rate was set to zero. The reason it was set to zero rather than abolished was to enable companies to access their tax history so they can carry back trading losses.

What's the problem with it?

At a zero rate, there is no problem with PRT.

What should be done?

Commit to maintaining a zero rate.