

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, net of repayments				Corporation Tax			Royalty	Gas levy	
				Total	ACT	Ring Fence CT	Supplementary Charge	Total Net	Payments	Repayments		Gross	Net of CT clawback
1968-69	1	-	-	-	-	-	-	-	-	-	1	-	-
1969-70	2	-	-	-	-	-	-	-	-	-	2	-	-
1970-71	5	-	-	2	-	2	-	2	-	-	3	-	-
1971-72	10	-	-	4	-	4	-	4	-	-	6	-	-
1972-73	15	-	-	4	-	4	-	4	-	-	11	-	-
1973-74	15	-	-	3	-	3	-	3	-	-	12	-	-
1974-75	20	-	-	5	-	5	-	5	-	-	15	-	-
1975-76	25	-	-	5	-	5	-	5	-	-	20	-	-
1976-77	81	-	-	10	-	10	-	10	-	-	71	-	-
1977-78	238	-	-	10	-	10	-	10	-	-	228	-	-
1978-79	565	183	-	93	40	53	-	93	-	-	289	-	-
1979-80	2,313	1,435	-	250	78	172	-	250	-	-	628	-	-
1980-81	3,743	2,410	-	341	97	244	-	341	-	-	992	-	-
1981-82	6,492	2,390	2,025	681	270	411	-	681	-	-	1,396	383	383
1982-83	7,822	3,274	2,395	521	202	319	-	521	-	-	1,632	471	272
1983-84	8,798	6,017	-	877	430	447	-	877	-	-	1,904	522	277
1984-85	12,035	7,177	-	2,432	1,244	1,188	-	2,432	-	-	2,426	500	239
1985-86	11,348	6,375	-	2,916	1,085	1,831	-	2,916	-	-	2,057	525	300
1986-87	4,783	1,188	-	2,676	1,130	1,546	-	2,676	-	-	919	515	305
1987-88	4,618	2,296	-	1,298	681	617	-	1,298	-	-	1,024	502	322
1988-89	3,168	1,371	-	1,195	685	510	-	1,195	-	-	602	407	231
1989-90	2,368	1,050	-	743	495	248	-	743	-	-	575	335	193
1990-91	2,312	860	-	847	363	484	-	847	-	-	605	291	174
1991-92	979	(216)	-	638	370	268	-	638	-	-	557	282	182
1992-93	1,305	69	-	682	480	202	-	682	-	-	554	287	193
1993-94	1,223	359	-	258	219	39	-	258	-	-	606	240	145
1994-95	1,642	712	-	380	299	81	-	380	-	-	550	175	96
1995-96	2,289	968	-	766	674	92	-	766	-	-	555	161	107
1996-97	3,303	1,729	-	890	460	430	-	890	-	-	684	198	132
1997-98	3,277	963	-	1,779	821	958	-	1,779	-	-	535	200	133
1998-99	2,452	504	-	1,605	655	950	-	1,605	-	-	343	-	-
1999-2000	2,510	853	-	1,268	120	1,148	-	1,268	-	-	389	-	-
2000-01	4,399	1,518	-	2,329	-	2,329	-	2,329	-	-	552	-	-
2001-02	5,373	1,310	-	3,515	-	3,515	-	3,515	-	-	548	-	-
2002-03	5,054	958	-	3,662	-	3,662	293	3,662	-	-	434	-	-
2003-04	4,223	1,179	-	3,057	-	2,291	766	3,057	-	-	(13)	-	-
2004-05	5,115	1,284	-	3,831	-	2,790	1,041	3,831	-	-	-	-	-
2005-06	9,323	2,016	-	7,307	-	5,210	2,097	7,307	-	-	-	-	-
2006-07	8,864	2,155	-	6,709	-	4,919	1,790	6,709	-	-	-	-	-
2007-08	7,408	1,680	-	5,728	-	3,402	2,326	5,728	-	-	-	-	-
2008-09	12,393	2,567	-	9,826	-	5,716	4,110	9,826	-	-	-	-	-
2009-10	5,921	923	-	4,998	-	2,839	2,159	4,998	-	-	-	-	-
2010-11	8,322	1,458	-	6,864	-	3,810	3,054	6,864	-	-	-	-	-
2011-12	10,872	2,032	-	8,840	-	4,714	4,126	8,840	-	-	-	-	-
2012-13	6,149	1,737	-	4,412	-	1,916	2,496	4,412	-	-	-	-	-
2013-14	4,674	1,118	-	3,556	-	1,665	1,891	3,556	-	-	-	-	-
2014-15	2,103	77	-	2,026	-	970	1,056	2,026	-	-	-	-	-
2015-16	151	(562)	-	713	-	465	248	713	1,113	400	-	-	-
2016-17	(312)	(650)	-	338	-	221	117	338	896	558	-	-	-

Updated June 2017

Footnotes

¹ Figures for Corporation Tax for 2015-16 and 2016-17 are provisional and subject to change in the future when payments originally made in respect of a group of companies are subsequently re-allocated to individual companies within the group but which are outside of the ring fence oil and gas regime

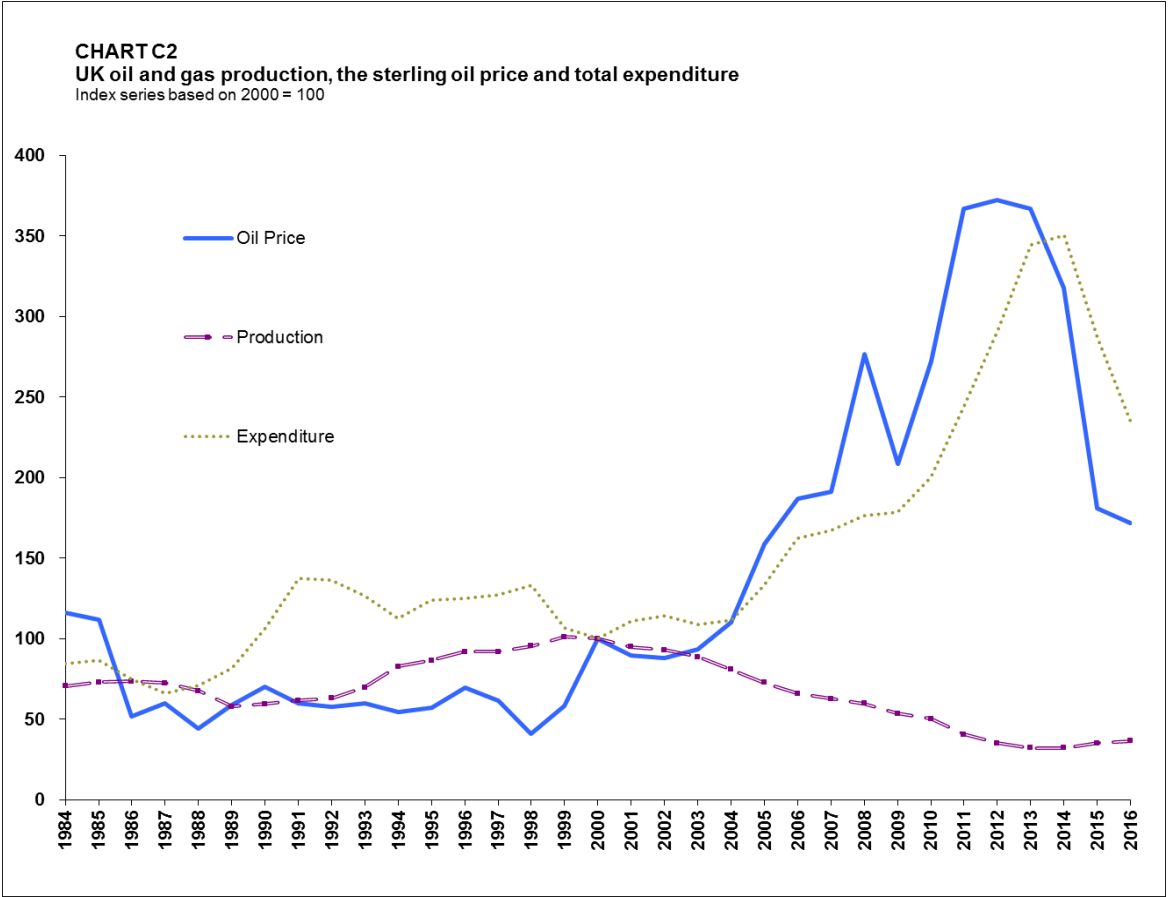
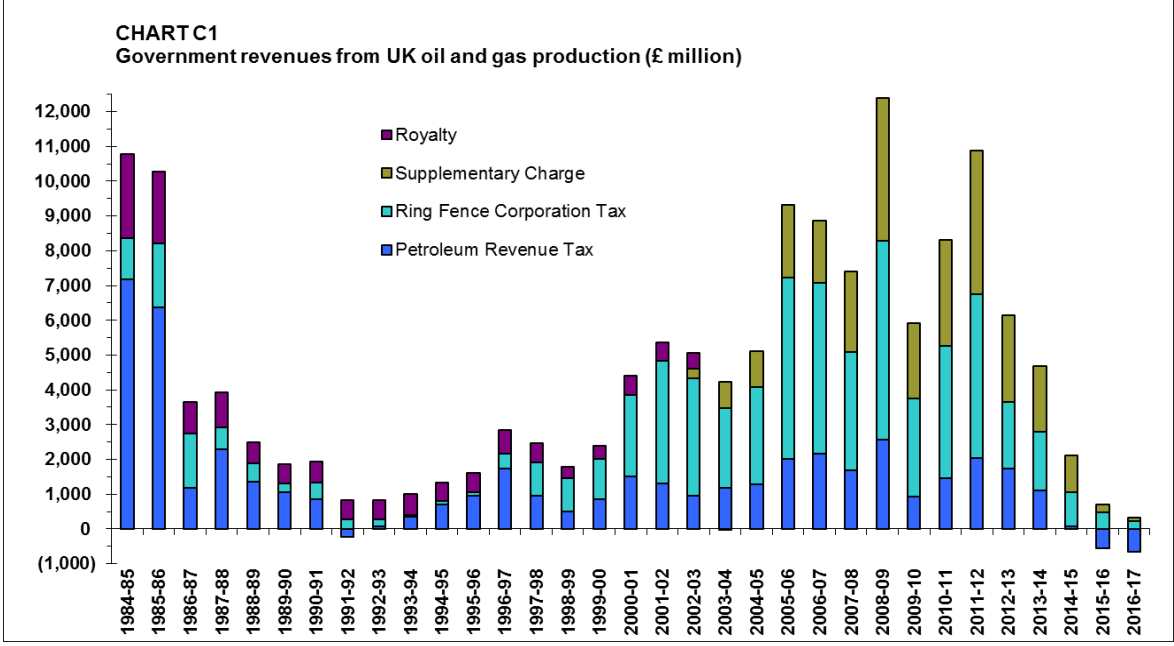
² Supplementary Charge receipts cannot be specifically identified from Total Net CT so they have been estimated using tax return data. 2015-16 figures for SC have been revised as 2015 assessment data is now available.

³ The table reflects the evolving tax regime for the UK Oil & Gas industry, so there are changes in the types of duties levied throughout the years featured in this table. Some examples of the changes are as follows:

- Supplementary Petroleum Duty charged for only two 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.

⁴ The table reflects improvements to the presentation of these statistics

- From 2015-16 Total Net CT has been disaggregated between payments and repayments



Notes on the Table and Charts

Government revenues from oil and gas production

1. The above table 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. 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.
4. 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.
5. 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 more than half in 2009-10 as prices dropped significantly, production declined and expenditure increased. Despite rising expenditure and continuing falls in production, yield increased in 2010-11 and 2011-12 as prices rose significantly from 2009 levels and the CT supplementary charge was increased to 32% from 24th March 2011.
6. 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 continued high higher expenditure, (though this has declined from its peak), lower production and falling oil prices.
7. From January 2016, the rate of PRT was permanently set to zero and SC was reduced to 10%. These reductions, and to a lesser extent, the utilisation of the basin wide Investment Allowance (introduced in 2015) have resulted in the lowest levels of Government revenues since records began.
8. Information on the current oil price (Brent crude) is available from Bloomberg.com
9. Further information about UK Oil & Gas is available from the Oil and Gas Authority (OGA) website <https://www.ogauthority.co.uk/>

The statistical contacts for this table are:

Max Rowe-Brown
03000 523125
max.rowe-brown@hmrc.gsi.gov.uk

Sarah Cunningham
03000 541025
sarah.cunningham@hmrc.gsi.gov.uk

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The table and supporting charts were last updated in June 2017 and the next update is due in May 2018.