

PETROLEUM (INCOME TAX) (MARGINAL FIELD) REGULATIONS 2013

PU (A) 121
29 March 2013

IN exercise of the powers conferred by subsection 22A(1) of the Petroleum (Income Tax) Act 1967 [Act 543], the Director General makes the following regulations:

CITATION AND COMMENCEMENT

- 1(1) These regulations may be cited as the **Petroleum (Income Tax) (Marginal Field) Regulations 2013**.
- 1(2) These Regulations are deemed to have come into operation on 30 November 2010.

APPLICATION

- 2 These Regulations shall apply to all chargeable persons carrying on petroleum operations in a marginal field.

INTERPRETATION

- 3 For the purposes of these Regulations—

"marginal field" means a field in a petroleum agreement area as provided for under regulation 4.

MARGINAL FIELD

- 4 The Minister may determine a marginal field which is a field in a petroleum agreement area which has potential crude oil reserves not exceeding thirty million stock tank barrels or natural gas reserves not exceeding five hundred billion standard cubic feet.

GROSS INCOME

- 5(1) In ascertaining the gross income of a chargeable person from his petroleum operations carried on under a petroleum agreement, income from petroleum operations in a marginal field of that chargeable person shall be treated separately from his other petroleum operations.
- 5(2) Where the chargeable person carries on petroleum operations in two or more marginal fields under a petroleum agreement, income from all those marginal fields shall be taken as the total gross income of that chargeable person from all those fields.

ADJUSTED INCOME

- 6 The adjusted income of a chargeable person for the basis period for a year of assessment from his petroleum operations in a marginal field shall be an amount ascertained in accordance with Part III Chapter 3 of the Act.

ADJUSTED LOSS

- 7(1) Where but, for an insufficiency of gross income of a chargeable person for the basis period for a year of assessment from his petroleum operations in marginal field, there would have been an amount of adjusted income of that chargeable person for that period, the amount by which the total of all such deductions as would then have been allowed under Part III Chapter 3 of the Act in ascertaining that adjusted income exceeds his gross income for that period from his petroleum operations in that marginal field shall be taken to be the amount of his adjusted loss for that period from that petroleum operations.
- 7(2) The adjusted loss ascertained under subregulation (1) shall only be allowed as a deduction against the statutory income of the chargeable person from his petroleum operations in a marginal field.

STATUTORY INCOME

- 8 Subject to regulations 9 and 10, the statutory income of a chargeable person for the basis period for a year of assessment in respect of petroleum operations in a marginal field shall be ascertained in accordance with Chapter 4 Part III of the Act and the Petroleum (Income Tax) (Accelerated Capital Allowance) (Marginal Field) Rules 2013 [*P.U. (A) 119/2013*].

UNABSORBED CAPITAL ALLOWANCE

- 9 Where, by reason of the absence or insufficiency of the adjusted income of a chargeable person from his petroleum operations in a marginal field for the basis period for a year of assessment, effect cannot be given or cannot be given in full to the allowance as determined to which the chargeable person is entitled under regulation 8 for that year of assessment, then so much of that allowance which cannot be made shall be made in the first subsequent year of assessment for the basis period for which there is adjusted income from petroleum operations in a marginal field, and for subsequent years of assessment until the whole of the allowance to which he is so entitled is made.

ASSESSABLE INCOME

- 10(1) The assessable income of a chargeable person from petroleum operations in a marginal field for a year of assessment (in this regulation referred to as “the relevant year”) shall consist of the amount of his statutory income for the relevant year from that petroleum operations in a marginal field reduced by the amount of any adjusted loss from that petroleum operations for the basis period for the year of assessment preceding the relevant year of assessment which has not been deducted from his statutory income from that petroleum operations for a year of assessment prior to the relevant year.

- 10(2)** A deduction of any adjusted loss under subregulation (1) shall be made as far as possible from the statutory income of the chargeable person from his petroleum operations in a marginal field for the first year of assessment after that for the basis period for which that loss is the adjusted loss, and, so far as it cannot be so made, then from the statutory income from that petroleum operations for the next year of assessment, and so on.
- 10(3)** The assessable income ascertained under subregulation (1) shall be treated as part of the chargeable income of a chargeable person for a year of assessment for the purpose of section 22 of the Act.

CHARGEABLE INCOME

- 11** Subject to section 22 of the Act, the chargeable income of a chargeable person from petroleum operations in a marginal field for a year of assessment (in this regulation referred to as “the relevant year”) shall consist of the amount of his assessable income for the relevant year from that petroleum operations in a marginal field reduced by an amount equal to any gift of money or the cost of contribution or value of contribution made by that chargeable person in a basis period for that year of assessment shall be determined in accordance with the following formula:

$$\frac{A}{B} \times C$$

- where A is the gross income of the chargeable person from a marginal field;
- B is the total gross income of the chargeable person from petroleum operations; and
- C is the gift of money or the cost of contribution or value of contribution made by that chargeable person in the basis period for that year of assessment.

SEPARATE ACCOUNT

- 12** A chargeable person shall maintain separate accounts for his income derived from a marginal field and for his income derived from other petroleum operations.