
Third Session Third Parliament Republic of Trinidad
and Tobago



REPUBLIC OF TRINIDAD AND TOBAGO

Act No. 27 of 1988

[L.S.]

AN ACT to amend the Petroleum Taxes Act, Chap. 75:04

[Assented to 29th November, 1988]

ENACTED by the Parliament of Trinidad and Tobago as Enactment
follows:—

1. This Act may be cited as the Petroleum Taxes Short title
(Amendment) Act, 1988.

Chap. 75:04
amended

2. The Petroleum Taxes Act (hereinafter referred to as "the Act") is amended by inserting immediately after section 12, the following new sections:

"Workover
allowance

12A. (1) In computing the taxable profits of a person carrying on production business, that person may, subject to subsections (2) and (3) elect to claim an allowance, in this section referred to as "workover allowance", equal in amount to 150 per cent of actual expenditure incurred on workovers and maintenance or repair works (including re-completions) on completed wells.

(2) Where a person elects to claim workover allowance, the election shall be for a period of not less than four years.

(3) Expenditure in respect of which workover allowance is claimed does not fall to be treated under section 12, 14 or 26 in computing the taxable profits or the supplemental petroleum tax of the person claiming the allowance.

(4) For the purposes of this section the maintenance and repair works in respect of which workover allowance may be claimed shall be certified as such by the member of the Cabinet to whom responsibility for petroleum is assigned.

Heavy oil
allowance

12B. (1) In computing the taxable profits of a person who incurs on or after 1st January, 1988, capital expenditure on a heavy oil project in a marine area in respect of his production business, that person may subject to subsection (2) elect to claim an allowance, in this section referred to as "heavy oil allowance" as follows:

(a) for the financial year in which the expenditure is incurred, 60 per cent of such expenditure;

(b) for each of the next five years 18 per cent of such expenditure.

(2) Expenditure in respect of which heavy oil allowance is claimed does not fall to be treated under section 14 or 26 in computing the taxable profits or the supplemental petroleum tax of the person claiming the allowance.

(3) For the purposes of this section heavy oil projects in marine areas shall be certified as such by the member of the Cabinet to whom responsibility for petroleum is assigned.

(4) In this section "heavy oil" means crude oil of 18° API or lower."

3. Section 20 of the Act is repealed and replaced as follows:

Section 20
of the Act
repealed and
replaced

"Interpre-
tation

20. (1) In this Part—

"additional crude oil" means the volume of crude oil produced in excess of base crude oil;

"additional crude oil gross income" means gross income derived from disposals of additional crude oil;

"base crude oil" means the volume of crude oil produced as follows:

- (i) for the year 1987 three hundred and sixty-five times the average daily volume produced in December of that year as certified by the member of the Cabinet to whom responsibility for petroleum is assigned;
- (ii) for the year 1988, the volume determined for the year 1987 less 10 per cent;

(iii) for each of the years 1989–1991, the volume determined for the year immediately preceding less 12 per cent;

“base crude oil gross income” means income derived from disposals of base crude oil;

“sub-licencee” means a person who not being a licensee, is issued a sub-licence by a licensee under the Petroleum Act to undertake production business on land within a licensed area.

(2) For the purposes of this Part, crude oil produced by a person who commenced production business on or after 1st January, 1988, is additional crude oil.”

Section 21(1)
of the Act
repealed and
replaced

4. Section 21(1) of the Act is repealed and replaced as follows:

“Charge to
supple-
mental
petroleum
tax

21. (1) There shall be a tax known as supplemental petroleum tax charged on additional crude oil gross income as well as base crude oil gross income.”

Section 22(1)
of the Act
repealed and
replaced

5. Section 22(1) of the Act is repealed and replaced as follows:

“Computa-
tion of
supple-
mental
petroleum
tax

22. (1) Supplemental petroleum tax shall be computed separately in respect of additional crude oil gross income and base crude oil gross income and in respect of land operations and marine operations and shall be paid as follows:

- (a) on additional crude oil gross income, at the rate of 20 per cent where the crude oil is produced from marine operations and at the rate of 5 per cent where the crude oil is produced from land operations;
- (b) on base crude oil gross income at the rate of 55 per cent where the crude oil is produced from

marine operations and at the rate of 15 per cent where the crude oil is produced from land operations.”.

6. Section 23(1) of the Act is repealed and replaced as follows:

“Production allowance on marine operations

23. (1) A production allowance of 30 per cent of gross income is deductible from additional crude oil gross income or base crude oil gross income as the case may be, in computing supplemental petroleum tax chargeable in respect of marine operations.”.

Section 23(1) of the Act repealed and replaced

7. Section 25A of the Act is repealed and replaced as follows:

“Royalty allowance

25A. In computing supplemental petroleum tax, an allowance equal in amount to the royalty paid by virtue of a licence or sub-licence granted or issued under the Petroleum Act on the crude oil in respect of which additional crude oil gross income or base crude oil gross income as the case may be, is derived is deductible from that gross income.”.

Section 25A of the Act repealed and replaced

8. Section 26c of the Act is amended—

(a) by re-numbering the section as section 26c(1); and

(b) by adding the following new subsections:

“ (2) Subject to subsection (3) only persons who earn base crude oil gross income may claim allowances under this Part.

(3) Persons who earn additional crude oil gross income only may not claim allowances other than royalty allowance and production allowance.”.

Section 26C of the Act amended

9. Section 26D of the Act is amended—

(a) by repealing and replacing subsection (2) as follows:

“ (2) Notwithstanding section 26c(1) where the allowances claimed against base crude oil gross income exceed that gross income in any financial year, the excess may

Section 26D of the Act amended

be deducted from additional crude oil gross income (if any) in that financial year and where the allowances claimed in any financial year exceed base crude oil gross income and additional crude oil gross income in that financial year, the excess shall be carried forward and deducted from base crude oil gross income and additional crude oil gross income, in subsequent years.”;

(b) by repealing subsection (3).

The Act is amended

10. The Act is amended by inserting immediately after section 26D the following new section:

“Supplemental petroleum tax after 31st December, 1991

26E. After 31st December, 1991—

- (a) there shall be no additional crude oil gross income and base crude oil gross income;
- (b) gross income shall be derived from disposals of crude oil;
- (c) the rate of supplemental petroleum tax shall not exceed 25 per cent but different rates of supplemental petroleum tax may be charged on gross income derived from disposals of crude oil produced from land operations and that derived from disposals of crude oil produced from marine operations.”

Commencement

11. This Act is deemed to have come into operation on 1st January, 1988.

Passed in the House of Representatives this 4th day of November, 1988.

J. E. CARTER

Clerk of the House

Passed in the Senate this 15th day of November, 1988.

Z. SEEREERAM

Acting Clerk of the Senate