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Inserts for
Treasury Laws Amendment Bill 2025:
PRRT Callaghan review
recommendation 6

Commencement information		
Column 1	Column 2	Column 3
Provisions	Commencement	Date/Details
1. Schedule #	The first 1 January, 1 April, 1 July or 1 October to occur after the day this Act receives the Royal Assent.	

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Schedule #—PRRT Callaghan review recommendation 6

Petroleum Resource Rent Tax Assessment Act 1987

1 Section 2

Insert:

continuation determination has the meaning given by
section 49A.

earlier project, for a continuation determination, has the meaning
given by section 49A.

entitlement percentage has the meaning given by section 49J.

later project, for a continuation determination, has the meaning
given by section 49A.

2 At the end of section 22

Add:

(6) However, if:

(a) the project is a later project for a continuation determination;
and

(b) assessable petroleum receipts have been derived in relation to
the earlier project for the continuation determination;

then treat paragraph (5)(a) as instead referring to the year of tax
that is the first financial year in which assessable petroleum
receipts were derived by any person in relation to the earlier
project or one of the subsequent 7 financial years.

Note: Division 5A provides for when a continuation determination can be
made for an earlier project and a later project.

3 After Division 5 of Part V

Insert:

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Division 5A—Continuation determinations

Subdivision A—Making continuation determinations

49A Commissioner may make continuation determinations

- (1) The Commissioner may, by notifiable instrument, make a determination (a *continuation determination*) for:
- (a) a petroleum project (the *later project*); and
 - (b) another petroleum project (the *earlier project*) that has ceased.

Note: Section 49D provides for when a continuation determination cannot be made.

- (2) The Commissioner may only make a continuation determination if:
- (a) a qualifying application is made for the Commissioner to make the determination; and
 - (b) the Commissioner is satisfied that the later project is a continuation of the earlier project.

49B Qualifying applications

For the purposes of paragraph 49A(2)(a), a *qualifying application* is an application made:

- (a) to the Commissioner and in the approved form; and
- (b) within:
 - (i) the period of 90 days beginning on the day the most recent production licence in relation to the later project came into force; or
 - (ii) a longer period allowed by the Commissioner; and
- (c) either:
 - (i) by a person who, immediately before the application was made, was entitled to receive at least half of the receipts from the sale of petroleum, or of marketable petroleum commodities produced from petroleum, recovered from the production licence area in relation to the later project; or
 - (ii) jointly by 2 or more persons who together were, immediately before the application was made, entitled to receive at least half of the receipts from the sale of petroleum, or of marketable petroleum commodities

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produced from petroleum, recovered from the
production licence area in relation to the later project.

49C Whether later project is a continuation of earlier project

- (1) For the purposes of paragraph 49A(2)(b), in considering whether the later project is a continuation of the earlier project, the Commissioner must have regard to the following:
- (a) any differences between the production licence area in relation to the earlier project and the production licence area in relation the later project;
 - (b) any differences between the marketable petroleum commodities produced or reasonably expected to be produced from petroleum recovered from those areas;
 - (c) the degree of similarity between:
 - (i) the operations, facilities and other things that have comprised the earlier project; and
 - (ii) the operations, facilities and other things that comprise, have comprised or will comprise the later project;
 - (d) the extent to which:
 - (i) the production licence relating to the earlier project ceased to be in force because of the grant of a retention lease (the *intervening retention lease*) in respect of the block or blocks in respect of which that production licence was granted; and
 - (ii) the intervening retention lease ceased to be in force because of the grant of the production licence relating to the later project in respect of the block or blocks in respect of which that intervening retention lease was granted;
 - (e) any other matters the Commissioner considers relevant.
- (2) To avoid doubt, the Commissioner may have regard to the matters referred to in subsection (1) in relation to the earlier project or the later project as those projects exist from time to time.

49D When continuation determinations cannot be made

- (1) If a project that has ceased is an earlier project for a continuation determination, then the Commissioner must not, while that continuation determination remains in force, make another continuation determination for that project.

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- (2) To avoid doubt, subsection (1) does not prevent a continuation determination from being amended or varied in accordance with section 49L.

Subdivision B—Consequences of continuation determinations

49E Assessable receipts taken to be derived in relation to later project

If person has interest in earlier and later project

(1) If:

- (a) in a financial year, a continuation determination is made for an earlier project and a later project; and
- (b) an amount of a kind of assessable receipts would, but for this subsection, be derived by a person in that financial year and in relation to the earlier project; and
- (c) the person has an interest in the later project at the time the determination is made;

then, for the purposes of this Act, that amount is taken instead to be derived by the person in relation to the later project and on the last day of that financial year.

If person does not have interest in earlier and later project

(2) If:

- (a) in a financial year, a continuation determination is made for an earlier project and a later project; and
- (b) an amount of a kind of assessable receipts would, but for this subsection, be derived by a person in that financial year and in relation to the earlier project; and
- (c) the person does *not* have an interest in the later project at the time the determination is made;

then, for the purposes of this Act:

- (d) that amount is taken not to be derived by the person; and
- (e) each person that has an interest in the later project at the time the determination is made is taken to derive a share of that amount:
 - (i) in relation to the later project and on the last day of that financial year; and
 - (ii) equal to the product of that amount and the person's entitlement percentage for the later project.

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Note: A person's share under paragraph (e) may be adjusted under subsections 49K(1) and (2).

49F Deductible expenditure taken to be incurred in relation to later project

If person has interest in earlier and later project

(1) If:

- (a) in a financial year, a continuation determination is made for an earlier project and a later project; and
- (b) an amount of a kind of deductible expenditure would, but for this subsection, be incurred by a person in that financial year and in relation to the earlier project; and
- (c) the person has an interest in the later project at the time the determination is made;

then, for the purposes of this Act, that amount is taken instead to be incurred by the person in relation to the later project.

If person does not have interest in earlier and later project

(2) If:

- (a) in a financial year, a continuation determination is made for an earlier project and a later project; and
- (b) an amount of a kind of deductible expenditure would, but for this subsection, be incurred by a person in that financial year and in relation to the earlier project; and
- (c) the person does *not* have an interest in the later project at the time the determination is made;

then, for the purposes of this Act:

- (d) that amount is taken not to be incurred by the person; and
- (e) each person that has an interest in the later project at the time the determination is made is taken to incur a share of that amount:
 - (i) in relation to the later project and on the first day of that financial year; and
 - (ii) equal to the product of that amount and the person's entitlement percentage for the later project.

Note: A person's share under paragraph (e) may be adjusted under subsections 49K(1) and (2).

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49G Unused exploration expenditure taken to be incurred in relation to later project

If person has interest in earlier and later project

- (1) Subsection (2) applies if:
- (a) in a financial year, a continuation determination is made for an earlier project and a later project; and
 - (b) an amount of expenditure mentioned in the definition of ***incurred exploration expenditure amount*** in clause 1 of Schedule 1 is or would be, but for subsection (2) of this section, incurred:
 - (i) by a person in that financial year or an earlier financial year; and
 - (ii) in relation to the earlier project; and
 - (c) some or all of that amount (the ***unused exploration expenditure***) is not an amount to which any of the following expenditure is, according to Part 2 or 3 of Schedule 1, attributable:
 - (i) class 2 uplifted exploration expenditure;
 - (ii) class 2 GDP factor expenditure; and
 - (d) the person has an interest in the later project at the time the determination is made.
- (2) For the purposes of this Act, the person is taken instead to have incurred the unused exploration expenditure in relation to the later project.

Note 1: The amount of class 2 uplifted exploration expenditure that a person is taken under section 35A to have incurred in a financial year and in relation to a project is determined by reference to, among other things, the person's incurred exploration expenditure amount.

Note 2: Similarly, the amount of class 2 GDP factor expenditure that a person is taken under section 35B to have incurred in a financial year and in relation to a project is determined by reference to, among other things, the person's incurred exploration expenditure amount.

Note 3: However, subsections 35A(2) and 35B(2) broadly provide that a person's incurred exploration expenditure amount is disregarded to the extent the amount has already been used in determining the person's, or another person's, class 2 uplifted exploration expenditure or class 2 GDP factor expenditure.

If person does not have interest in earlier and later project

- (3) Subsection (4) applies if:

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- 1 (a) in a financial year, a continuation determination is made for
2 an earlier project and a later project; and
3 (b) an amount of expenditure mentioned in the definition of
4 ***incurred exploration expenditure amount*** in clause 1 of
5 Schedule 1 is or would be, but for subsection (4) of this
6 section, incurred:
7 (i) by a person in that financial year or an earlier financial
8 year (the ***expenditure year***); and
9 (ii) in relation to the earlier project; and
10 (c) some or all of that amount (the ***unused exploration***
11 ***expenditure***) is not an amount to which any of the following
12 expenditure is, according to Part 2 or 3 of Schedule 1,
13 attributable:
14 (i) class 2 uplifted exploration expenditure;
15 (ii) class 2 GDP factor expenditure; and
16 (d) the person does *not* have an interest in the later project at the
17 time the determination is made.
- 18 (4) For the purposes of this Act:
19 (a) the unused exploration expenditure is taken not to be
20 incurred by the person; and
21 (b) each person that has an interest in the later project at the time
22 the determination is made is taken to incur a share of the
23 unused exploration expenditure:
24 (i) in relation to the later project and on the first day of the
25 expenditure year; and
26 (ii) equal to the product of the unused exploration
27 expenditure and the person's entitlement percentage for
28 the later project.
- 29 Note 1: The notes to subsection (2) also apply in relation to this subsection.
30 Note 2: A person's share under paragraph (b) may be adjusted under
31 subsections 49K(1) and (2).

32 **49H Certain tax taken to be paid in respect of later project**

33 *If person has interest in earlier and later project*

- 34 (1) If:
35 (a) in a financial year, a continuation determination is made for
36 an earlier project and a later project; and
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(b) but for this subsection, there is an excess tax amount for a person in relation to that financial year and the earlier project; and

(c) the person has an interest in the later project at the time the determination is made;

then, for the purposes of Division 4, the excess tax amount is taken:

(d) not to have been paid or payable in respect of the earlier project; and

(e) instead to have been paid or payable in respect of the later project.

Note: The deeming provided by this subsection is just for the purposes of Division 4. Division 4 is about credits in respect of closing down expenditure.

Definitions

(2) In this section:

excess tax amount: the ***excess tax amount*** for a person in relation to a financial year and an earlier project means:

(a) the total amount of any tax paid or payable by the person in respect of the earlier project (including, if the earlier project is a combined project, any pre-combination project in relation to the earlier project) in relation to the financial year or any earlier financial year; less

(b) the total amount of any credits allowed or allowable to the person under section 46 in relation to the earlier project and the financial year or any earlier financial year.

If the result is a negative amount, then treat the ***excess tax amount*** as nil.

49J Meaning of entitlement percentage

A person's ***entitlement percentage*** for a later project is the proportion of:

(a) petroleum; or

(b) marketable petroleum commodities produced from petroleum;

recovered from the production licence area or areas in relation to the later project that the person is entitled to at the time the continuation determination is made, expressed as a percentage.

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49K Adjustments to shares and rounding

Fair and reasonable adjustments to shares

- (1) Despite sections 49E, 49F and 49G, the Commissioner may make fair and reasonable adjustments to a person's share that:
- (a) is a share of an amount relating to a later project; and
 - (b) is worked out under paragraph 49E(2)(e), 49F(2)(e) or 49G(4)(b);
- to ensure that the sum of the shares under that paragraph for that project equals that amount.

Rounding of shares

- (2) A person's share worked out:
- (a) under paragraph 49E(2)(e), 49F(2)(e) or 49G(4)(b); and
 - (b) after any adjustment under subsection (1) of this section;
- is to be rounded down to the nearest number of whole dollars.

Subdivision C—Administrative matters relating to continuation determinations

49L Revoking, varying etc. continuation determinations

- (1) A continuation determination:
- (a) comes into force on the day it is made; and
 - (b) must not be repealed, rescinded, revoked, amended or varied otherwise than:
 - (i) under subsection (2); or
 - (ii) pursuant to a decision of the Tribunal or an order of a court; or
 - (iii) to correct an error in the determination.
- (2) If:
- (a) the Commissioner has made a continuation determination; and
 - (b) it appears to the Commissioner that, having regard to information that was not available to the Commissioner at the time of making the determination, the Commissioner would not have made the determination if the Commissioner had been aware of the information at that time;
- then:

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- (c) the Commissioner must revoke the determination; and
 - (d) upon the revocation, the determination is taken never to have been made.

- (3) If a continuation determination is repealed, rescinded or revoked pursuant to a decision of the Tribunal or an order of a court, then, upon the determination being repealed, rescinded or revoked, the determination is taken never to have been made.

49M Notification and review of decisions about continuation determinations

Notification of decisions about determinations

- (1) The Commissioner must, within 30 days after making a continuation determination, give written notice of the determination to:
 - (a) the person or persons who applied for the determination; and
 - (b) if the later project is not a combined project—the registered holder of the production licence relating to the later project; and
 - (c) if the later project is a combined project—the registered holder of each production licence relating to the later project.
- (2) The Commissioner must, within 30 days after making a decision not to make a continuation determination, give written notice of the decision to the person or persons who applied for the determination.
- (3) The Commissioner must, within 30 days after making a decision to revoke a continuation determination under subsection 49L(2), give written notice of the decision to:
 - (a) the person or persons who applied for the determination; and
 - (b) if the later project is not a combined project—the registered holder of the production licence relating to the later project; and
 - (c) if the later project is a combined project—the registered holder of each production licence relating to the later project.

Review of decisions about determinations

- (4) If a person to whom a notice is given under subsections (1), (2) or (3) is dissatisfied with the decision to which the notice relates, the

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1 person may object against the decision in the manner set out in
2 Part IVC of the *Taxation Administration Act 1953*.