



Law Society  
of Scotland

# Consultation Response

Oil and gas fiscal regime: call for evidence

September 2023



## Introduction

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The Law Society of Scotland is the professional body for over 12,000 Scottish solicitors.

We are a regulator that sets and enforces standards for the solicitor profession which helps people in need and supports business in Scotland, the UK and overseas. We support solicitors and drive change to ensure Scotland has a strong, successful and diverse legal profession. We represent our members and wider society when speaking out on human rights and the rule of law. We also seek to influence changes to legislation and the operation of our justice system as part of our work towards a fairer and more just society.

Our Energy Law sub-committee welcomes the opportunity to consider and respond to the HM Treasury's Oil and gas fiscal regime review: call for evidence<sup>1</sup>.

We have the following comments to put forward for consideration.

## General Comments

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The Call for Evidence states that it is issued in connection with a review of the long-term fiscal regime for oil and gas to ensure that *“the regime delivers predictability and certainty, supporting investment, jobs and the country’s energy security”*.

The review is to consider amongst other things *“whether and how the fiscal regime can support investment in the UK consistent with the UK’s energy security and net zero ambitions by:*

- *Supporting UK energy security and helping to meet domestic energy demand, as we transition to net zero, through incentivising activity that maximises economic recovery of the UK’s oil and gas resources in the medium term; and*
- *Being more efficient and predictable, including in its response to any future price shocks and persistent price volatility as well as through further simplification”*

The review will consider the future of what the call for evidence refers to as the *“permanent regime”* ie. the tax regime other than the Energy Profits Levy which is described as a *“temporary element”*.

We question the purpose of the review and the call for evidence without also reviewing and calling for evidence on the effects of the Energy Profits Levy (EPL). We understand from member firms that client companies in the offshore oil and gas industry consider the EPL a major disincentive to investment in the UK and as a result some companies are considering focussing future investment outside the UK. They do not consider a tax which could run for up to 6 years to be a *“temporary element”* of the tax regime.

<sup>1</sup> [Oil and gas fiscal regime review: call for evidence - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/oil-and-gas-fiscal-regime-review-call-for-evidence)

In general, the review and the call for evidence fails to consider a major aspect of the UKCS tax regime which is possibly inhibiting investment and therefore the maximisation of economic recovery.

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