



Media Release

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Chancellor is told tax reform vital for success of North Sea

Aberdeen & Grampian Chamber of Commerce is calling on the Chancellor to make further tax cuts in his upcoming Budget to lengthen the lifespan of the North Sea oil industry.

In a letter to George Osborne, the Chamber urges the Treasury to take definitive action on Wednesday to anchor the sector's talent in the UK Continental Shelf (UKCS) and follow through on previous promises.

It proposes a permanent reduction in the headline rate of tax, achieved by reducing the "supplementary charge" and "Petroleum Revenue Tax" immediately by a minimum of 10 percentage points.

The organisation argues there is a need to reflect the maturity of the North Sea basin in setting tax rates.

It also points to the severe impact that low oil prices is having across all sectors of the North-east economy, with a 15% decrease in hotel occupancy rates and housing sales down by 14% in the previous 12 months.

James Bream, research & policy director at the Chamber, said: "Fiscal competitiveness is a key factor in the success of the oil and gas industry, which is why we are asking for a cut in the headline corporate tax rate in order to reflect the maturity of the UKCS.

"We are a frontier basin, we believe we have the world's best supply chain and the Government must ensure we have the world's most competitive tax regime.

"Change may not have an immediate impact but will be a signal of support and demonstrate an effort to increase investor confidence.

"The alternative is to do nothing which will have an equal and opposite impact on that confidence."

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Notes to editor

- Please find attached a copy of the letter sent to the UK Chancellor George Osborne, as well as an image of research & policy director James Bream.
- Aberdeen & Grampian Chamber of Commerce (AGCC) is North-east Scotland's leading private sector, member-focused, business organisation. The Chamber represents more than 1,300 businesses with almost 130,000 employees in the private sector covering all industry sectors, ranging in size from sole traders to multi-national corporations.

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