

Table of Tax Credits under AS 43.55 - The Alaska Oil and Gas Production Tax

Below is a table relating to credits under AS 43.55, the Oil and Gas Production Tax, for the State of Alaska. This is intended as an informational guide only. The State of Alaska makes no warranty, expressed or implied, of the accuracy of this. To be certain of the current statutes and regulations, refer to the official printed version of the statutes and regulations. This information only relates to credits in effect on January 1, 2017.

Credits under AS 43.55

Rev 12/7/2016, DMG

Statute for Credit	Credits that May be Issued as Certificates and Submitted to the State for Cash Purchase									AS 43.55.019	AS 43.55.024(a)	AS 43.55.024(c)	AS 43.55.024(i)	AS 43.55.024(j)
	AS 43.55.023(a)(1)	AS 43.55.023(a)(2)	AS 43.55.023(b)	AS 43.55.023(l)(1)	AS 43.55.023(l)(2)	AS 43.55.025(a)(1-4)	AS 43.55.025(a)(5)	AS 43.55.025(a)(6) & (7)						
Informal Title	Qualified Capital Expenditures Credit	Qualified Capital Expenditures Credit in Relation to Exploration	Carried-Forward Annual Loss Credit or "NOL"	Well Lease Expenditure Credit	Well Lease Expenditure Credit in Relation to Exploration	Alternative Credit for Exploration	Alternative Credit for Exploration - Jack-up Rig	Alternative Credit for Exploration - Frontier Basins	Education Credit	New Area Development ("Middle Earth") Credit	Small Producer Credit	Credit on GVR Oil	Sliding Scale Credit	
Initial and Most Recent Effective Date(s)	4/1/2006, amended 7/1/2007, 1/1/2013, 1/1/2014, & 1/1/2017	4/1/2006, amended 7/1/2007, 1/1/2013, 1/1/2014, & 1/1/2017	4/1/2006, amended 7/1/2007, 1/1/2014 & 1/1/2017	7/1/2010, amended 1/1/2017	7/1/2010, amended 1/1/2017	9/9/2003, amended 7/1/2008 & 1/1/2013	5/10/2010	1/1/2013, amended 2016	1987, amended 1/1/2011	4/1/2006	4/1/2006	1/1/2014	1/1/2014	
Expiration Date	North Slope QCEs expire on 12/31/2013 Cook Inlet QCEs expire on 12/31/2017 No expiration for Middle Earth	North Slope QCEs expire on 12/31/2013 Cook Inlet QCEs expire on 12/31/2017 No expiration for Middle Earth	Cook Inlet Loss Expires 12/31/2017 No expiration for Middle Earth or North Slope	Cook Inlet WLE expires 12/31/2017 No expiration for Middle Earth	Cook Inlet WLE expires 12/31/2017 No expiration for Middle Earth	7/1/2016 for projects in North Slope and Cook Inlet; 1/1/2022 for "Middle Earth"	Work must be performed by 7/1/2016 Credit has Expired	Expires 7/1/2016 for seismic and wells must be spudded by 7/1/2017	Changes 1/1/2021, no expiration	Later of 12/31/2016 or the 9th calendar year after production started in Middle Earth (if started before 5/1/2016)	Later of 12/31/2016 or the 9th calendar year after production started (if started before 5/1/2016)	No expiration	No expiration	
Credit Percentage / Amount	Before 1/1/2017 20% On & After 1/1/2017 10%	Before 1/1/2017 20% On & After 1/1/2017 10%	Cook Inlet 7/1/07-12/31/16 25% Cook Inlet 1/1/17- 12/31/17 15% Middle Earth 1/1/17 forward 15% North Slope 1/1/14-12/31/15 45% North Slope 1/1/16 forward 35% Statewide 7/1/07-12/31/13 25% Statewide pre-7/1/07 20%	Before 1/1/2017 40% On & After 1/1/2017 20%	Before 1/1/2017 40% On & After 1/1/2017 20%	30% or 40% (pre-7/1/08 20% or 40%)	80%, 90%, or 100% (up to \$20, \$22.5 or \$25 million)	80% (up to \$25 million) for wells; 75% (up to \$7.5 million) for seismic	Max of \$5,000,000	\$6,000,000	\$12,000,000	\$5 per bbl	\$1-\$8 per bbl	
Description	A Qualified Capital Expenditure (QCE) must be a lease expenditure and treated as a capitalized cost under 26 IRC. Effective 1/1/2013, these credits are issued as one certificate. Effective 1/1/2014, there is no longer a QCE credit for North Slope expenditures.	A Qualified Capital Expenditure (QCE) must be a lease expenditure and related to exploration. Effective 1/1/2013, these credits are issued as one certificate. Effective 1/1/2014, there is no longer a QCE credit for North Slope expenditures.	The carried forward annual loss is calculated for each segment by taking a percentage of excess lease expenditures (lease expenditures not deductible in calculating production tax values). Effective 1/1/2013, these credits are issued as one certificate.	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) or seismic inside a unit south of 68 degrees North latitude.	A Well Lease Expenditure (WLE) must be a lease expenditure, QCE, AND an Intangible Drilling and Development Cost (IDC) or seismic inside a unit south of 68 degrees North latitude.	These credits are narrowly defined by both the statute and regulations as costs directly related to drilling an exploration well or performing a seismic shoot. An exploration well may receive either the 30% or 40% depending on location and seismic exploration may receive 40% credit.	The qualified expenditures related to the first 3 unaffiliated wells drilled by the same jack-up rig in Cook Inlet pre-Tertiary zone qualify for this credit. The first well receives a 100% credit up to \$25 million, the second well receives a 90% credit up to \$22.5 million, and the third well receives a 80% credit up to \$20 million.	The first two exploration wells drilled inside each of six frontier basins receives 80% credit up to \$25 million of qualified expenditures. The first seismic project performed inside each of six frontier basins receives 75% credit up to \$7.5 million of qualified expenditures.	For cash donations to qualified educational institutes or foundations a portion of the donation may be taken as a credit against tax liability.	For production south of 68 degrees North latitude and outside of Cook Inlet (aka "Middle Earth"), a producer may take a credit of \$6,000,000 to offset tax liability. Expires 2016	If the taxpayer produces less than 50,000 BTU equivalent barrels average daily production, then they may take the full \$12,000,000 credit. For production between 50,000-100,000 BTU equivalent barrels the credit is prorated. Expires 2016	A credit of \$5 per barrel is allowed based on oil produced that meets one of the criteria under AS 43.55.160(f) or (g).	A sliding scale credit of \$1-\$8 per barrel is allowed based on oil that does not meet the criteria under AS 43.55.160(f) or (g) when the monthly average Gross Value at the Point of Production is less than \$150.	
DNR Data Requirements	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	
Location Requirements	Effective 1/1/2018, no QCEs in Cook Inlet Effective 1/1/2014, no QCEs on North Slope Pre-1/1/2014, QCEs allowed Statewide	Effective 1/1/2018, no QCEs in Cook Inlet Effective 1/1/2014, no QCEs on North Slope Pre-1/1/2014, QCEs allowed Statewide	Effective 1/1/2018, no loss credit in Cook Inlet	Yes - must be south of 68 degrees North latitude After 1/1/2018 must be in Middle Earth	Yes - must be south of 68 degrees North latitude After 1/1/2018 must be in Middle Earth	For some of these credits there are distance requirements from other wells and units. Work performed after 7/1/2016 must be in Middle Earth	Yes - must be a jack-up rig in Cook Inlet	Yes - projects must be located in one of the six prescribed basins under AS 43.55.025(o)	No	Yes - must be outside of Cook Inlet and south of the North Slope aka "Middle Earth"	No	Yes - must be north of 68 degrees North latitude (North Slope)	Yes - must be north of 68 degrees North latitude (North Slope)	
Regulations	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.310-320 and 15 AAC 55.250-260	15 AAC 55.350-360	15 AAC 55.350-360	15 AAC 55.350-360	None	15 AAC 55.335	15 AAC 55.335	15 AAC 55.335	15 AAC 55.335	
Combinations	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(a), (l), or 025(a)(1-4)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	Same expenditures may also qualify for credit under AS 43.55.023(b)	None of the expenditures included in this credit may receive a credit under any other section of this chapter	None of the expenditures included in this credit may receive a credit under any other section of this chapter	Credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits	Not for specific expenditures - credit may be in addition to all other credits	
Uses to Credit	Applied directly to tax or issued as a certificate. The certificate may be transferred to another company, applied against tax liability, or "cashed" out with the State under AS 43.55.028 - or a combination of the above. Effective 6/23/2013, the certificates may also be assigned (within 30 days of certificate application). Note: the recipient of a transferred certificate may not "cash" out the certificate with the State. If applied against tax - must be 1/12 against each month (except credits under .025 and certificates).									Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Applied directly to tax at 1/12 each month and may not be carried forward or transferred	Applied directly to tax at 1/12 each month OR actual amount earned each month and may not be carried forward or transferred
Filing Requirements (ROL = Revenue Online)	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Application through ROL must be submitted to receive certificate as well as all backup required under regulation to support the credit claim. Credit against tax is reported on the return.	Reported on the return submitted through ROL - no form needed	Reported on the return submitted through ROL - no form needed	Reported on the return submitted through ROL - no form needed	Reported on the return submitted through ROL - no form needed	Reported on the return submitted through ROL - no form needed