

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, 2018.

Statute for Credit	Credits that May be Issued as Certificates and Submitted to the State for Cash Purchase								Credits Not Eligible for Cash Repurchase				
	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)	AS 43.55.019	AS 43.55.024(a)	AS 43.55.024(c)	AS 43.55.024(i)	AS 43.55.024(j)
Informal Title	Qualified Capital Expenditures Credit	Qualified Capital Expenditures Credit for Exploration	Carried-Forward Annual Loss Credit or "NOL"	Well Lease Expenditure Credit	Well Lease Expenditure Credit for Exploration	Alternative Credit for Exploration	Alternative Credit for Exploration - Jack-up Rig	Alternative Credit for Exploration - Frontier Basins	Education Credit	New Area ("Middle Earth") Credit	Small Producer Credit	Per Barrel Credit (GVR Oil)	Sliding Scale Per Barrel 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Date(s)	4/1/2006, amended 7/1/2007, 1/1/2013, 1/1/2014, & 1/1/2017		4/1/2006, amended 7/1/2007, 1/1/2014, 1/1/2017, repealed 1/1/2018	7/1/2010, amended 1/1/2017		9/9/2003, amended 7/1/2008, 1/1/2013, & 1/1/2018	5/10/2010	1/1/2013, amended 2016	1987, amended 1/1/2011	4/1/2006		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		Expires 12/31/2017 (only half of 2017 loss is eligible for purchase under AS 43.55.028)	Cook Inlet WLE expires 12/31/2017 No expiration for Middle Earth		6/30/16 for projects in North Slope and Cook Inlet; 12/31/21 for Middle Earth Wells; 1/1/18 for Middle Earth Seismic	Work must be performed by 6/30/2016 Credit has Expired	Expires 6/30/2016 for seismic and wells must be spudded by 6/30/2017	Changes 1/1/2021, no expiration	Later of 12/31/2016 or the 9th calendar year after production started (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	
Credit Percentage / Amount	Before 1/1/2017 20% On & After 1/1/2017 10%		Statewide 4/1/06-7/1/07 20% Statewide 7/1/07-12/31/13 25% North Slope 1/1/14-12/31/15 45% North Slope 1/1/16-12/31/17 35% Cook Inlet 7/1/07-12/31/16 25% Cook Inlet and Middle Earth 1/1/17-12/31/17 15%	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 related to exploration 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.	Limited to the qualified expenditures related to the first 3 unaffiliated wells drilled by the same jack-up rig in Cook Inlet pre-Tertiary zone. The first well receives a 100% credit up to \$25 million, the second well receives 90% up to \$22.5 million, and the third well receives 80% 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.	If the taxpayer produces less than 50,000 BTU equivalent barrels average daily production, then they may take the full \$12,000,000. For production between 50,000-100,000 BTU equivalent barrels the credit is prorated.	Credit of \$5 per barrel based on oil produced that meets one of the criteria under AS 43.55.160(f) or (g).	Sliding scale credit of \$1-\$8 per barrel based on oil that does not meet the criteria under AS 43.55.160(f) or (g) when the monthly average GPPP is less than \$150. This credit cannot be used to reduce tax below tax under AS 43.55.011(f).
DNR Data Requirements	No	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No
Location Requirements	4/1/06-12/31/2013, QCEs allowed Statewide Effective 1/1/2014, no QCEs on North Slope Effective 1/1/2018, no QCEs in Cook Inlet		Effective 1/1/2018, no loss credit	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)	
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 55.350-360			None	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(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)	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			
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). Credits on activity occurring after 6/30/2017 (or 1/2 of 2017 AS 43.55.023(b) calculation) may not be repurchased by the state under AS 43.55.028. Credits may be applied to a tax, interest, penalty, fee or other change in a prior year if that change has not been subject to administrative proceeding or litigation (CBRF) Credits under AS 43.55.025 for work on or after 7/1/16 may be applied to tax under AS 43.20								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.								Reported on the return submitted through ROL - no form needed				