

# *A Net Profits Tax is very Volatile to Price*

## **SB21 Tax Calculation At Different Prices**

per one barrel of taxable oil; FY17 costs per Spring 16 RSB

Price	\$40	\$60	\$80	\$100	\$120	\$140
Transport	\$9.33	\$9.33	\$9.33	\$9.33	\$9.33	\$9.33
GVPP	\$30.67	\$50.67	\$70.67	\$90.67	\$110.67	\$130.67
Lease Expend	\$30.88	\$30.88	\$30.88	\$30.88	\$30.88	\$30.88
PTV (net)	-\$0.21	\$19.79	\$39.79	\$59.79	\$79.79	\$99.79
Tax at 35%	-\$0.08	\$7.52	\$15.12	\$22.72	\$30.32	\$37.92
Per-BBL Credit	\$8	\$8	\$8	\$6	\$4	\$2
Tax per Net	-\$8.08	-\$0.48	\$7.12	\$16.72	\$26.32	\$35.92
Minimum Tax	\$1.23	\$2.03	\$2.83	\$3.63	\$4.43	\$5.23
Higher Of	\$1.23	\$2.03	\$7.12	\$16.72	\$26.32	\$35.92
Tax as % of Price	3%	3%	9%	17%	22%	26%
Tax as % of GVPP	4%	4%	10%	18%	24%	27%
Tax as % of PTV	-584%	10%	18%	28%	33%	36%

Source: Department of Revenue, Ken Alper, 1-30-17

PRICE	\$60	\$80 (low spend scenario)	\$80 (high spend scenario)
Transportation	10.00	10.00	10.00
Gross Value at the Point of Production (GVPP)	\$50.00	\$70.00	\$70.00
Subtract Lease Expenditures (43.55, 165)	<u>\$30.00</u>	<u>\$30.00</u>	<u>\$50.00</u>
Production Tax Value (PTV)	\$20.00	\$40.00	\$20.00
Tax at 35%	\$7.00	\$14.00	\$7.00
Subtract Per Barrel Credit	\$8.00	\$8.00	\$8.00
Tax Per Net	-\$1.00	\$6.00	-\$1.00
Minimum Tax	\$2.00	\$2.80	\$2.80
HIGHER OF	\$2.00	\$6.00	\$2.80

prepared by Rog Tarre: HB 3005