JOURNAL ARTICLE

Neutrality and Efficiency of Petroleum Revenue Tax: A Theoretical Assessment ☐ Get access >

Lei Zhang

The Economic Journal, Volume 107, Issue 443, 1 July 1997, Pages 1106–1120, https://doi.org/10.1111/j.1468-0297.1997.tb00010.x

Published: 27 January 2012 Article history ▼

Abstract

We use an irreversible investment model of oil development to show how a fiscal regime can be both neutral with respect to development decisions and efficient in recouping economic rents. We find that there is a unique rate for calculating the tax deductibility of capital costs which ensures economic neutrality; while tax efficiency involves high rates of tax on profits after these deductions. Using parameters of the UK Petroleum Revenue Tax (PRT), numerical calculations in our simplified model suggest that PRT was both neutral and relatively efficient. In conclusion the tax efficiency of PRT is compared with that of a neutral resource rent tax.

© Royal Economic Society 1997

Issue Section: Articles

You do not currently have access to this article.

Sign in



Royal Economic Society members

Sign in through society site >



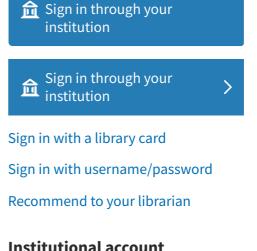
Personal account

Institutional access

- Sign in with email/username & password
- Get email alerts
- Save searches
- Purchase content
- Activate your purchase/trial code
- Add your ORCID iD



Register



Institutional account management

Sign in as administrator

Purchase

Subscription prices and ordering for this journal

Purchasing options for books and journals across Oxford Academic

Short-term Access

To purchase short-term access, please sign in to your personal account above.

Don't already have a personal account? Register

Neutrality and Efficiency of Petroleum Revenue Tax: A Theoretical Assessment - 24 Hours access

EUR €53.00 GBP £44.00 USD \$58.00

Rental



This article is also available for rental through DeepDyve.