ALASKA DEPARTMENT OF REVENUE, TAX DIVISION
ADVISORY BULLETIN 2008-1

Re: Annual and Monthly Reporting Requirements for Explorers and Producers

The Department of Revenue has received inquiries regarding reporting requirements and associated penalties under AS 43.55.030. AS 43.55.030(a) requires a producer that produces oil or gas from a lease or property in the state during a calendar year to file an annual statement, under oath, in a form prescribed by the department, regardless of whether a tax payment is due. AS 43.55.030(e) requires all explorers or producers that incur lease expenditures or receive payments or credits under AS 43.55.170 during a calendar year but that do not produce oil or gas in the state to file an annual statement, under oath, in a form prescribed by the department. These provisions became effective December 2007. The Division is providing the enclosed summary for additional information.

As explained in a public workshop on March 12, 2008, the DOR Interim Annual Information Report – January–June, 2007 Version 3, and the DOR Interim Annual Information Report – July-December, 2007 Version 3, which are posted on the Tax Division website, at: http://www.tax.alaska.gov/programs/programs/forms/index.aspx?60652, are the currently prescribed forms for the annual statement required by AS 43.55.030(a) and (e). In other words, a single form for each six-month period in 2007 is provided for both categories of reporting, although not all lines in the form may be applicable to all persons required to file a statement.

For the annual statement due April 1, 2008 (because March 31 is a state holiday), the Department will not assess penalties under AS 43.55.030(d) against persons who in good faith complete and submit a form with information believed to be true and accurate.

Please be aware that a proposed regulation addressing monthly information reporting requirements is in the formal public comment period. In the interim, we encourage all affected parties to file the monthly information form posted on our website.

Note: The attached list is intended for general guidance and taxpayer assistance and is not an authoritative listing of all applicable statutes and regulations.

Issued: March 24, 2008

Jonathan E. Iversen
Director, Tax Division

Operators:

AS 43.55.030(f) .....monthly report

15 AAC 55.520(b)(1).....monthly filing of production offtake schedules

15 AAC 55.520(b)(2).....monthly filing of well day information previously required by 15 AAC 55.021

15 AAC 55.520(b)(3).....monthly filing of cost data for the unit

Proposed amendment
to 15 AAC 55.520(b) .....monthly filing of report on unscheduled interruption of, or reduction in, rate of oil or gas production

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Producers:

AS 43.55.030(a).....annual statement if oil or gas is produced during the year, whether or not tax is owed

AS 43.55.030(e).....annual statement on expenditures and adjustments, even when there is no production

AS 43.55.030(f) .....monthly information report

15 AAC 55.173(g) .....gas sales invoices

15 AAC 55.520(a).....remittance advice to accompany monthly installment payment of estimated tax and oil conservation surcharges

15 AAC 55.520(c).....oil and gas contracts and amendments to the contracts

Proposed 15 AAC
55.520(f).....monthly information report if oil or gas is produced during the month, or if lease expenditures are incurred during the month, or if adjustments to lease expenditures are triggered during the month

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Explorers:

AS 43.55.030(e).....annual statement on expenditures and adjustments, even when there is no production

AS 43.55.030(f) .....monthly information report

Proposed 15 AAC 55.520(f).....monthly information report if lease expenditures are incurred during the month, or if adjustments to lease expenditures are triggered during the month