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2026–2027

The Parliament of the
Commonwealth of Australia

H O U S E O F R E P R E S E N T A T I V E S

Presented and read a first time

Petroleum Resource Charge Bill 2026

No. , 2026
(Treasury)

A Bill for an Act to impose a charge of 30 per cent on petroleum recovered in Commonwealth waters, to recover the value of petroleum taken without a royalty, and for related purposes

The Parliament of Australia enacts:

Short title

1 This Act is the Petroleum Resource Charge Act 2026.

Commencement

2 This Act commences on 1 July 2027. The recoupment debt in Part 3 is imposed on that day in respect of petroleum recovered on or after 1 July 2012 and before 1 July 2027.

Objects

3 The objects of this Act are:

- **(a)** to charge 30 per cent of the value of petroleum recovered under a Commonwealth title, calculated on the petroleum taken and not on the profit of the person who takes it;
- **(b)** to recover, as a debt, the value of petroleum recovered before the commencement of the ongoing charge on which no royalty was paid;
- **(c)** to stop the reduction of that charge by deductions, uplift, related-party prices, marketing hubs, tolling, debt loading or a claim that the project has not made a profit;
- **(d)** to refuse export clearance until the charge and any recoupment debt are paid or secured.

Part 1 — Preliminary

4 Crown bound

This Act binds the Crown in each of its capacities. A State agreement Act, a stabilisation clause, a government agreement and a contractual promise not to change tax have no effect on a charge or debt under this Act.

5 Definitions

5.1 Associate means a related entity, associate or member of the same tax consolidated group under the Income Tax Assessment Act 1997, and any person under common control with the titleholder, whether or not resident in Australia.

5.2 Benchmark price for a month is the average Japan Korea Marker settlement price for that month, converted to Australian dollars at the Reserve Bank daily rate on the day of loading. If

that Marker is not published, the Commissioner must publish a substitute taken from Platts or Argus before the end of the month.

5.3 Offshore area has the same meaning as in the Offshore Petroleum and Greenhouse Gas Storage Act 2006.

5.4 Petroleum recovered means petroleum extracted, produced or lifted under a petroleum production licence, retention lease converted to production, or any successor title, in the offshore area. It includes gas delivered to a floating facility, a tolling plant or an onshore liquefaction plant.

5.5 Statutory value of petroleum recovered in a month is the quantity recovered, measured at the licence point in gigajoules or tonnes, multiplied by the benchmark price. No amount is subtracted.

Part 2 — The charge

6 Charge imposed

6.1 A charge of 30 per cent of the statutory value is imposed on petroleum recovered on or after 1 July 2027.

6.2 The charge is imposed on the petroleum taken. It is not imposed on profit, taxable income, economic rent or any amount remaining after costs.

6.3 A person cannot reduce the charge by claiming that the project has not made a profit, has not recovered its capital, or does not expect to pay petroleum resource rent tax.

7 No deductions

No deduction, credit, offset, uplift or rebate is allowed against the charge for any of the following:

(a) exploration, appraisal, development or construction expenditure, whenever incurred;

(b) interest, financing costs, or a payment to an associate for debt;

(c) carried-forward expenditure and any augmentation of it under the Petroleum Resource Rent Tax Assessment Act 1987;

(d) liquefaction, shipping, marketing, agency or hub costs, whether paid to a third party or an associate;

(e) company tax, petroleum resource rent tax, a foreign tax, or a royalty paid to a State;

(f) decommissioning, rehabilitation, carbon costs or a penalty.

8 Price is the benchmark

8.1 The price of petroleum is the benchmark price. A contract price is ignored if it is lower, including a sale to a marketing hub, a tolling counterparty or any associate in Singapore or elsewhere.

8.2 An advance pricing arrangement and a gas transfer price under the Petroleum Resource Rent Tax Assessment Regulations cannot produce a statutory value below the benchmark price.

8.3 If petroleum is used, flared, reinjected for storage rather than recovery, or transferred without a sale, the charge is worked out as if it had been sold at the benchmark price in the month of recovery. Gas reinjected to produce further petroleum is charged once, on final recovery.

9 Who pays

9.1 Each titleholder is liable in proportion to its interest. The operator is liable for the whole.

9.2 Liability is joint and several as between titleholders, the operator, and any associate that takes, tolls, liquefies or sells the petroleum.

9.3 A sale of the interest does not release the seller from charge already accrued. The buyer is jointly liable for unpaid charge on petroleum recovered while the seller held the interest, unless the Commissioner has given a clearance.

10 When it is due

The charge is a debt due when the petroleum is recovered. It is payable no later than the day the petroleum is loaded for export or, if not exported, the last day of the month after the month of recovery.

Part 3 — Recoupment of petroleum taken without a royalty

11 Recoupment debt

11.1 A recoupment debt is imposed on 1 July 2027 on each person who was a titleholder or operator of a project listed in the Schedule, or of any other project in the offshore area on which no Commonwealth or State royalty was paid, in respect of petroleum recovered on or after 1 July 2012 and before 1 July 2027.

11.2 The debt is 30 per cent of the statutory value of that petroleum, worked out using the benchmark price for the month the petroleum was loaded or, if not loaded, recovered.

11.3 The only amounts subtracted are royalty, petroleum resource rent tax and Australian company tax actually paid and attributable to that petroleum. A credit, a loss carried forward, an uplifted expenditure balance and a tax not paid are not subtracted.

11.4 The debt is payable in eight equal quarterly instalments beginning 30 September 2027. The unpaid balance carries interest at the general interest charge rate. The Commissioner may require immediate payment if an interest in the project is sold, or if production falls below half of the average of the previous three years without a reservoir reason accepted by the Commissioner.

11.5 The debt is joint and several in the same persons as clause 9, including an associate that received the petroleum or the proceeds.

> *Drafter's note. The debt is a tax on a past taking of a public resource, not a damages claim. It is imposed on the petroleum, at the same rate as the ongoing charge, and credit is given for tax actually paid. It applies to every titleholder of royalty-free offshore petroleum, Australian and foreign.*

Part 4 — Petroleum resource rent tax does not displace the charge

12 Greater amount

12.1 Petroleum resource rent tax continues to apply. In a year of tax the person pays the charge under Part 2 and any petroleum resource rent tax. The charge is not creditable against company tax. It is creditable against petroleum resource rent tax of the same project interest in the same year, and not otherwise.

12.2 From 1 July 2027, for a project producing sales gas for liquefied natural gas:

(a) uplift on carried-forward expenditure is nil;

(b) exploration expenditure is not transferable into the project;

(c) deductible expenditure in a year cannot exceed 50 per cent of assessable receipts, and the excess is extinguished, not carried forward;

(d) assessable receipts are not less than the statutory value.

Part 5 — Integrity

13 Related-party payments

A deduction is denied, for company tax and for petroleum resource rent tax, for a payment to an associate for finance, marketing, shipping, liquefaction, management or services to the extent it exceeds the Commissioner’s published benchmark for that class of cost. Debt of a project titleholder above 30 per cent of the project’s accounting asset value is not deductible for company tax.

14 Anti-avoidance

14.1 This Act applies to a scheme according to its substance. A scheme includes a toll, an agency sale, a marketing hub, a change of title, a change of residence and a split of the liquefaction plant from the title.

14.2 If the sole or dominant purpose of a scheme is to reduce the charge or the recoupment debt, the Commissioner may assess the petroleum as if the scheme had not been carried out, and as if the titleholder had sold it at the benchmark price.

14.3 Part IVA of the Income Tax Assessment Act 1936 does not limit this clause.

15 No treaty override of the charge

The charge and the recoupment debt are taxes on petroleum recovered in Australia. A double tax agreement does not reduce them. Relief from double tax, if any, is a matter for the country of residence.

Part 6 — Collected at the ship

16 No clearance without payment

16.1 A customs officer must not grant a certificate of clearance for a cargo of petroleum or liquefied natural gas loaded in Australia unless the exporter has lodged a return for the petroleum in that cargo and paid the charge, and has paid or secured any recoupment debt due.

16.2 Title in petroleum recovered under a Commonwealth title does not pass for export until the charge on it is paid or secured by a bond equal to 100 per cent of the estimated charge.

16.3 If a recoupment instalment is unpaid for 30 days, the Commissioner may direct that no further cargo from that project be cleared until the arrears and the next two instalments are paid.

17 Penalty

Failure to lodge is an offence. The civil penalty is twice the unpaid charge. If the company does not pay within 90 days, each director of the operator is liable for the unpaid amount.

Part 7 — Transparency

18 Public register

The Commissioner must publish each year, for each production licence: the volume recovered, the statutory value, the charge paid, the recoupment debt paid, petroleum resource rent tax paid,

company tax paid, and the beneficial owners of each titleholder. Publication is not prevented by a tax secrecy provision.

Schedule — Royalty-free projects

The recoupment debt applies to these projects and to any other offshore project on which no royalty was paid. Volumes and values are to be taken from production reports lodged under the Offshore Petroleum and Greenhouse Gas Storage Act 2006 and from export manifests.

1. Gorgon, Western Australia. Operator: Chevron. No royalty on petroleum recovered in Commonwealth waters.
2. Wheatstone, Western Australia. Operator: Chevron. No royalty.
3. Pluto, Western Australia. Operator: Woodside. No royalty on the Pluto fields outside the North West Shelf royalty area.
4. Prelude floating liquefied natural gas, Western Australia. Operator: Shell. No royalty.
5. Ichthys, Northern Territory. Operator: Inpex. No royalty.
6. Any other petroleum production licence in the offshore area under which petroleum has been recovered since 1 July 2012 and on which neither a Commonwealth royalty nor a State royalty was paid.

The North West Shelf project is not in this Schedule to the extent a Commonwealth royalty was paid on the petroleum recovered. Feed gas to the Karratha Gas Plant from a non-royalty field is in item 6.

Drafter’s note on collection

The charge is 30 per cent of gas taken, priced off the Japan Korea Marker, with nothing subtracted. Profit is not an element of the tax. The recoupment debt uses the same rate on royalty-free petroleum taken from 1 July 2012, minus only tax that was actually paid, and is enforced by refusing cargo clearance. The charge applies to every titleholder of offshore petroleum. It is not imposed by name on a foreign company.