

# Alaska's Oil Production Tax (As of January 2020)

## AS 43.55 -Key Provisions

Provision	North Slope	Cook Inlet
Base Tax Rate (applied to Production Tax Value <sup>1</sup> ) <b>43.55.011 (e)</b>	35%	35%
Minimum Tax Floor (applied to Gross Value at Point of Production) <b>43.55.011(f)</b>	Up to 4% of the Gross Value at Point of Production <sup>2</sup> . 4% rate applies when the Alaska North Slope price is more than \$25/barrel. Some credits can apply against minimum.	
Gross Value Reduction <b>43.55.160 (f) (g)</b>	For new oil, 20% or 30% of gross value excluded from the Base tax calculation; limited to first seven years of production; benefit ends early if the average ANS price exceeds \$70 for any three years.	
Per-Taxable-Barrel Credit for Non-GVR Production. <b>43.55.024 (j)</b>	Sliding scale \$0/barrel to \$8/barrel. \$8 credit applies when wellhead price is less than \$80/barrel. Cannot be used to reduce tax below the minimum tax. Cannot be carried forward to subsequent year.	
Per-Taxable-Barrel Credit for GVR Production <b>43.55.024 (i)</b>	\$5/barrel, no sliding scale. Cannot be carried forward to subsequent year. When used alongside non-GVR eligible oil credit, cannot reduce tax below the minimum tax.	
Lease Expenditures Carryforward Deduction <b>43.55.165 (p)</b>	Beginning Jan. 1, 2018, a company may carry forward lease expenditures not deducted against tax, and may apply in future year to reduce liability to minimum tax, contingent on the production from the area earned. Carryforwards reduce in value by one-tenth each year beginning in the eighth or 11th year after it is earned.	
Tax Ceiling <b>15 AAC 55.440 (d)</b> <b>43.55.011 (k)</b>	Average 17.7 cents/thousand cubic feet (mcf), for gas sold in State until 2022.	Average 17.7 cents/thousand cubic feet (mcf), permanent tax ceiling. \$1/barrel, permanent tax ceiling for Oil.

<sup>1</sup> PTV: Production Tax Value is the GVPP less Lease Expenditures. Lease Expenditures include capital and operating expenditures including property tax and other cost allowances allowed by AK statute.

<sup>2</sup> GVPP: Gross Value at the Point of Production is non-royalty share of well head value of produced oil.

Provision	Middle Earth	Statewide/Other – Additional provisions
Base Tax Rate (applied to PTV)	35%.	
Tax Ceiling <b>43.55.011 (p)</b>	4% of gross value for the first seven years of production, if production begins before 2027.	Gas used in state, other than gas that qualifies for the 4% of GVPP tax ceiling, is subject to a tax ceiling of \$0.177/Mcf
Capital, Well Lease, Expenditure Credits <b>43.55.023 (l)1B</b>	10% of Qualified Capital Expenditure, 20% of Well Lease Expenditure	
Lease Expenditures Carryforward <b>43.55.165 (p)</b>	Beginning Jan. 1, 2018, a company may carry forward lease expenditures not deducted against tax, and may apply in a future year to reduce liability to zero, contingent on production from the area earned. Carryforwards reduce in value beginning in the 8th or 11th year after earned.	
Exploration Tax Credits <b>43.55.025 (b)</b>	30% or 40% for qualifying exploration, expires Jan. 1, 2022, does not apply to seismic after Jan. 1, 2018. Credits can be applied against a company's own corporate tax liability or sold to another company.	
Small-Producer Credits <b>43.55.024 (c)</b>		Up to \$12 million per company for first nine years of production, can apply against minimum tax; must begin production before May 1, 2016. Unused credit cannot be carried forward to subsequent year.

### Alaska's Royalty and Other Investment Incentives

- Royalty modification
- Exploration licensing
- Area-wide lease sales and Lease term extension opportunities
- Cook Inlet Discovery Royalty
- Pre-application meetings with Division of Oil and Gas Staff

Contact:  
 Division of Oil & Gas, DNR Alaska  
 550 W. 7th Ave, Suite 1100  
 Anchorage, AK 99501-3563  
 Phone: (907) 269-8800  
[www.dog.dnr.alaska.gov](http://www.dog.dnr.alaska.gov)