

Budget 2010



HM Revenue
& Customs

BN58

24 March 2010

HYDROCARBON OILS: DUTY RATES

Who is likely to be affected?

1. Businesses producing and importing hydrocarbon oils and alternative fuel products.

General description of the measure

2. Legislation will be introduced in Finance Bills 2010 to 2014 to amend fuel duty rates.

Operative date

3. The changes will have effect on and after 1 April and 1 October 2010, and on and after 1 January 2011. Future changes will have effect on and after 1 April in each year.

Current law and proposed revisions

4. On 1 April 2010 the duty rates for the main road fuels (that is, unleaded petrol and heavy oil (diesel)) will be increased by 1 penny per litre (ppl). These rates will be increased further on 1 October 2010 by 1ppl and on 1 January 2011 by 0.76ppl. These rates will be increased on 1 April 2011 to 2014 by 1ppl above indexation in each year.

	Duty rate per litre (£)			
	Current	On and after 1 April 2010	On and after 1 October 2010	On and after 1 January 2011
Unleaded petrol	0.5619	0.5719	0.5819	0.5895
Heavy Oil	0.5619	0.5719	0.5819	0.5895

5. On 1 April 2010 the duty rate for light oil other than unleaded petrol or aviation gasoline will be increased by 1ppl. This rate will be increased further on 1 October 2010 by 1ppl and on 1 January 2011 by 0.76ppl.

	Duty rate per litre (£)			
	Current	On and after 1 April 2010	On and after 1 October 2010	On and after 1 January 2011
Light oil (other than unleaded petrol or aviation gasoline)	0.6591	0.6691	0.6791	0.6867

6. On 1 April 2010 the duty rate for aviation gasoline (avgas) will be increased by 3.78ppl.

	Current	On and after 1 April 2010
Aviation gasoline (Avgas)	0.3457	0.3835

7. On 1 April 2010, effective rates of duty (that is, the relevant duty minus the relevant rebate) for non-road fuels will be increased by the same percentage as main road fuels. These rates will be increased similarly on 1 October 2010, 1 January 2011, and 1 April 2011 to 2014.

	Duty rate per litre (£)			
	Current	On and after 1 April 2010	On and after 1 October 2010	On and after 1 January 2011
Light oil delivered to an approved person for use as furnace fuel	0.1037	0.1055	0.1074	0.1088
Marked gas oil	0.1080	0.1099	0.1118	0.1133
Fuel oil	0.1037	0.1055	0.1074	0.1088
Heavy oil other than fuel oil, gas oil or kerosene used as fuel	0.1037	0.1055	0.1074	0.1088
Kerosene to be used as motor fuel off-road or in an excepted vehicle	0.1080	0.1099	0.1118	0.1133
Biodiesel for non-road use	0.1080	0.1099	0.1118	0.1133
Biodiesel blended with gas oil for non- road use	0.1080	0.1099	0.1118	0.1133

8. On 1 April 2010, following the ending of the duty differential for biofuels for road use, the duty rates for biodiesel and bioethanol will be increased to the same rate as the main road fuel rate of 57.19ppl. This rate will be increased further on 1 October 2010 by 1ppl, and on 1 January 2011 by 0.76ppl. Biodiesel made from waste cooking oil will continue to benefit from a 20ppl duty differential for a period of two years, via a relief scheme introduced from 1 April 2010.

	Duty rate per litre (£)			
	Current	On and after 1 April 2010	On and after 1 October 2010	On and after 1 January 2011
Biodiesel	0.3619	0.5719	0.5819	0.5895
Bioethanol	0.3619	0.5719	0.5819	0.5895

9. On 1 April 2010, the duty rate for natural gas will be increased by 1.44 pence per kg to maintain the differential with road fuels in pence per litre equivalents, and the duty rate for liquefied petroleum gas (LPG) will be increased by 2.86 pence per kg to reduce the differential with main road fuels by the equivalent of 1 penny on a litre of petrol. These rates will be increased further on 1 October to maintain their differential with main road fuels. From 2011 to 2014, the duty differential for natural gas will be maintained and the duty differential for LPG will be reduced by the equivalent of 1 penny on a litre of petrol each year.

	Duty rate per kg (£)			
	Current	On and after 1 April 2010	On and after 1 October 2010	On and after 1 January 2011
Road fuel natural gas (NG), including biogas	0.2216	0.2360	0.2505	0.2615
Road fuel gas other than NG – e.g. liquefied petroleum gas (LPG)	0.2767	0.3053	0.3195	0.3304

Further advice

10. If you have any questions about this change, please contact the Excise and Customs Helpline on 0845 010 9000. Information about Budget measures is available on the HM Revenue & Customs website at www.hmrc.gov.uk