

# 2008 Pre-Budget Report



PBRN19

24 November 2008

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## HYDROCARBON OILS: DUTY RATES

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### Who is likely to be affected?

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

### General description of the measure

2. Secondary legislation will be introduced to reinstate, with effect from 1 December 2008, the duty rates for hydrocarbon oils and alternative fuels introduced in the Finance Act 2008. The 2009 and 2010 changes in rates will be introduced by the Finance Bill in those years.

### Operative date

3. The 2008 rate changes will have effect on and after 1 December 2008. The 2009 changes will have effect on and after 1 April 2009, and the 2010 changes will have effect on and after 1 April 2010.

### Current law and proposed revisions

4. On and after 1 December 2008, the duty rates for unleaded petrol and heavy oil (diesel) will be increased by 2 pence per litre (ppl). These rates will be further increased on 1 April 2009 by 1.84 ppl, and on 1 April 2010 by 0.5 ppl above indexation in that year.

	Duty rate per litre (£)		
	Current	On and after 1 December 2008	On and after 1 April 2009
<b>Unleaded petrol</b>	0.5035	0.5235	0.5419
<b>Heavy Oil</b>	0.5035	0.5235	0.5419

5. On and after 1 December 2008, the duty rate for leaded petrol will be increased by 2 ppl.

	Duty rate per litre (£)	
	Current	On and after 1 December 2008
<b>Light oil (other than unleaded petrol)</b>	0.6007	0.6207

6. On and after 1 November 2008, a new fiscal definition for aviation gasoline (Avgas) was introduced and the rate was made freestanding.

	Current duty rate per litre (£)	Duty rate per litre (£) from 1 December 2008
<b>Aviation gasoline (Avgas)</b>	0.3003	0.3103

7. On and after 1 December 2008, and on and after 1 April 2009, 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.

	Current	On and after 1 December 2008	On and after 1 April 2009
<b>Light oil delivered to an approved person for use as furnace fuel</b>	0.0929	0.0966	0.1000
<b>Marked gas oil</b>	0.0969	0.1007	0.1042
<b>Fuel oil</b>	0.0929	0.0966	0.1000
<b>Heavy oil other than fuel oil, gas oil or kerosene, used as fuel</b>	0.0929	0.0966	0.1000
<b>Kerosene to be used as motor fuel off-road or in an excepted vehicle</b>	0.0969	0.1007	0.1042
<b>Biodiesel for non-road use</b>	0.0969	0.1007	0.1042
<b>Biodiesel blended with gas oil</b>	0.0969	0.1007	0.1042

8. The current duty differential of 20 ppl for biofuels for road use will cease from 2010 and duty will thereafter be charged at the same rate as main road fuels.

	Current	On and after 1 December 2008	On and after 1 April 2009
<b>Biodiesel</b>	0.3035	0.3235	0.3419
<b>Bioethanol</b>	0.3035	0.3235	0.3419

9. The duty rate for natural gas will be increased to maintain the differential with main road fuels in pence per litre equivalents up to 2010-11. The duty rate for liquefied petroleum gas will be increased to reduce the differential with main road fuels by the equivalent of 1 penny on a litre of petrol up to 2010-11, in line with the alternative fuels framework.

Road fuel gases	Current effective rate per kg (£)	Duty rate per kg (£) on and after 1 December 2008	Duty rate per kg (£) on and after 1 April 2009
Natural gas (NG), including biogas	0.1370	0.1660	0.1926
Road fuel gas other than natural gas – eg liquefied petroleum gas (LPG)	0.1649	0.2077	0.2482

10. The duty differential applicable to biogas, equivalent to 40.88 pence on a litre of petrol, will remain at least at its current level until Budget 2012.

#### Further advice

11. If you have any questions about this change, please contact the National Advice Service on 0845 010 9000. Information about Pre-Budget Report measures is available on the HM Revenue & Customs website at [www.hmrc.gov.uk](http://www.hmrc.gov.uk)