

# Budget 2009



BN66

22 April 2009

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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. Legislation will be introduced in Finance Bills 2009 to 2013 to amend fuel duty rates.

### Operative date

3. The 2009 changes have effect on and after 1 April 2009 or 1 May 2009 and 1 September 2009. Changes in future years will have effect on and after 1 April in that year.

### Current law and proposed revisions

4. On 1 April 2009, the duty rates for the main road fuels (that is unleaded petrol and heavy oil (diesel)) were increased by 1.84 pence per litre (ppl). These rates will be increased further on 1 September by 2 ppl and on 1 April from 2010 to 2013 by 1 ppl above indexation in each year.

	Duty rate per litre (£)	
	On and after 1 April 2009	On and after 1 Sept 2009
Unleaded petrol	0.5419	0.5619
Heavy Oil	0.5419	0.5619

5. On and after 1 May 2009, the duty rate for light oil other than unleaded petrol or aviation gasoline will be increased by 1.84 ppl. This rate will be increased further on 1 September by 2 ppl.

	Duty rate per litre (£)		
	Current	On and after 1 May 2009	On and after 1 Sept 2009
<b>Light oil (other than unleaded petrol or aviation gasoline)</b>	0.6207	0.6391	0.6591

6. On and after 1 May 2009, the duty rate for aviation gasoline (Avgas) will be increased by 2.31 ppl. This rate will be increased further by the same percentage as the rates for main road fuels on 1 September 2009.

	Duty rate per litre (£)		
	Current	On and after 1 May 2009	On and after 1 Sept 2009
<b>Aviation gasoline (Avgas)</b>	0.3103	0.3334	0.3457

7. On 1 April 2009, effective rates of duty (that is, the relevant duty minus the relevant rebate) for non-road fuels were increased by the same percentage as main road fuels. These rates will be increased similarly on 1 September 2009, and on 1 April from 2010 to 2013.

	Duty rate per litre (£)	
	On and after 1 April 2009	On and after 1 Sept 2009
<b>Light oil delivered to an approved person for use as furnace fuel</b>	0.1000	0.1037
<b>Marked gas oil</b>	0.1042	0.1080
<b>Fuel oil</b>	0.1000	0.1037
<b>Heavy oil other than fuel oil, gas oil or kerosene used as fuel</b>	0.1000	0.1037
<b>Kerosene to be used as motor fuel off-road or in an excepted vehicle</b>	0.1042	0.1080
<b>Biodiesel for non-road use</b>	0.1042	0.1080
<b>Biodiesel blended with gas oil</b>	0.1042	0.1080

8. On 1 April 2009, the duty rates for biodiesel and bioethanol were increased by 1.84 ppl. These rates will be increased further to maintain the current 20 ppl differential on 1 September 2009. The current duty differential for biofuels for road use will cease from 2010 and duty will thereafter be charged at the same rate as main road fuels.

	Duty rate per litre (£)	
	On and after	On and after

	<b>1 April 2009</b>	<b>1 Sept 2009</b>
<b>Biodiesel</b>	0.3419	0.3619
<b>Bioethanol</b>	0.3419	0.3619

9. On 1 April 2009, the duty rate for natural gas was increased to maintain the differential with main road fuels in pence per litre equivalents, and the duty rate for liquefied petroleum gas (LPG) was increased 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 September 2009 to maintain their differential with main road fuels. From 2010 to 2013, 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.

	<b>Duty rate per kg (£)</b>	
	<b>On and after 1 April 2009</b>	<b>On and after 1 Sept 2009</b>
<b>Road fuel natural gas (NG), including biogas</b>	0.1926	0.2216
<b>Road fuel gas other than NG – e.g. liquefied petroleum gas (LPG)</b>	0.2482	0.2767

#### **Further advice**

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