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STATUTORY INSTRUMENTS

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**2006 No. 3426**

**EXCISE**

**The Hydrocarbon Oil Duties (Sulphur-free Diesel)  
(Hydrogenation of Biomass) (Reliefs) Regulations 2006**

*Made* - - - - *20th December 2006*  
*Laid before Parliament* *21st December 2006*  
*Coming into force* - - *12th January 2007*

The Commissioners for Her Majesty's Revenue and Customs make the following regulations in exercise of the powers conferred by section 20AA(1)(a) and (2)(a), (b), (c), (e), (h) and (i) of the Hydrocarbon Oil Duties Act 1979(1):

**Citation and commencement**

1.—(1) These Regulations may be cited as the Hydrocarbon Oil Duties (Sulphur-free Diesel) (Hydrogenation of Biomass) (Reliefs) Regulations 2006.

(2) They come into force on 12th January 2007 and shall cease to have effect on 12th January 2009.

**Interpretation**

2. In these Regulations—

“biomass” has the meaning given in section 2AA(2)(c) of the Act(2);

“the Act” means the Hydrocarbon Oil Duties Act 1979.

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(1) 1979 c.5; section 20AA was inserted by section 2(1) of the Finance Act 1989 (c.26). Relevant amendments were made to section 20AA by Part 1(4) of Schedule 23 to the Finance Act 1993 (c.34) and section 10(3) of the Finance Act 2000 (c.17). Section 27(3) applies the definition of “the Commissioners” in section 1(1) of the Customs and Excise Management Act 1979 (c.2), namely “the Commissioners” means “the Commissioners for Her Majesty’s Revenue and Customs” (see the amendment made by paragraph 22(b) of Schedule 4 to the Commissioners for Revenue and Customs Act 2005 (c.11)). The function of the Commissioners of Customs and Excise were transferred to the Commissioners for Her Majesty’s Revenue and Customs by section 5(2) of the Commissioners for Revenue and Customs Act 2005.

(2) section 2AA was inserted by section 5(1) and (2) of the Finance Act 2002 (c.23).

## Relief

3. Relief from duty charged by section 6(1) of the Act shall be allowed on sulphur-free diesel<sup>(3)</sup> that is produced partly from the hydrogenation of biomass.

4. The relief shall take the form of a remission of duty.

5.—(1) The amount of duty remitted shall be calculated in accordance with the formula  $(A-B) \times V$  where—

*A* is the rate of duty charged on sulphur-free diesel specified in section 6(1A) of the Act<sup>(4)</sup>;

*B* is the rate of duty charged on biodiesel<sup>(5)</sup> by section 6AA of the Act<sup>(6)</sup>; and

*V* is the volume, in litres, of that proportion of the sulphur-free diesel that is produced from hydrogenated biomass.

5.—(2) In paragraph (1) “litres” means litres of such sulphur-free diesel at a temperature of 15°C.

## Conditions imposed by the Commissioners

6. Relief is allowed subject to such conditions (if any) as the Commissioners impose on the person claiming relief.

## Cancellation of relief

7.—(1) If there is a contravention of, or failure to comply with, any condition imposed under regulation 6, the relief allowed shall be cancelled.

(2) Where any relief is cancelled, any person who claimed the relief shall, on demand, be liable to pay the amount of relief claimed.

*Paul Gray*

*Mike Eland*

Two of the Commissioners for Her Majesty’s  
Revenue and Customs

20th December 2006

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(3) “sulphur-free diesel” is defined in section 1(7) of the Act. Subsection (7) was added by section 7(2) of the Finance Act 2004 (c.12).

(4) subsection (1A) of section 6 was substituted by section 5(3) of the Finance Act 2000 (c.17) and has been amended by sections 5(1) and 7(5) of the Finance Act 2004, sections 4(2) and 5(2) of the Finance Act 2005 (c.7) and sections 6(2) and 7(2) of the Finance Act 2006 (c.25).

(5) “biodiesel” is defined in section 2AA of the Act.

(6) section 6AA was inserted by section 5(1) and (4) of the Finance Act 2002 and has been amended by sections 5(2) and 11(1) of the Finance Act 2004, section 4(4) and 5(3) of the Finance Act 2005 and sections 6(3) and 7(3) of the Finance Act 2006.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations, which come into force on 12th January 2007, provide for a partial relief from excise duty charged on sulphur-free diesel which is partly produced from the hydrogenation of biomass. They will cease to have effect on 12th January 2009.

Regulation 2 defines terms used in the Regulations.

Regulation 3 sets out the scope of the relief.

Regulation 4 provides that the relief shall be in the form of a remission of duty.

Regulation 5 sets out how the amount of duty remitted is calculated. An amount equivalent to the duty differential between sulphur-free diesel and biodiesel is remitted on that proportion of the fuel that is produced from the hydrogenation of biomass.

Regulation 6 permits the Commissioners to impose conditions on the person claiming the relief.

Regulation 7 provides for the cancellation and recovery of the relief in cases where there is a contravention of, or failure to comply with, any condition imposed by the Commissioners under regulation 6.

A full regulatory impact assessment has not been produced for this instrument, as it has no impact on the costs of business, charities or voluntary bodies.