

FINANCE ACT 2010

EXPLANATORY NOTES

INTRODUCTION

Section 12: Fuel Duties: Rates and Rebates from April 2010

Summary

1. [Section 12](#) provides for changes in rates of duty and rates of rebate on products charged to duty under the Hydrocarbon Oil Duties Act 1979 (HODA). Duty rates on the main road fuels are increased by 1 penny per litre (ppl), and effective rates of duty on non-road fuels are increased by the same proportion as main road fuels. The duty rate on biofuels is increased following the abolition of the duty differential by 21ppl to the same rate as on the main road fuels. The duty increase on natural gas maintains the differential with the main road fuels, while the differential for road fuel gas other than natural gas is reduced by the equivalent of 1ppl. Duty on leaded petrol is increased by 1ppl and on aviation gasoline (avgas) by 3.78ppl. These changes come into effect on 1 April 2010.

Details of the Section

2. Subsection (2) amends the rates of duty on unleaded petrol, aviation gasoline, light oil other than unleaded petrol or aviation gasoline, and heavy oil in HODA.
3. Subsections (3) and (4) amend the rate of duty on biodiesel and bioblend to be the same as the heavy oil rate.
4. Subsections (5) and (6) amend the rate of duty on bioethanol and bioethanol blend to be the same as the unleaded petrol rate.
5. Subsection (7) amends the rate of duty on road fuel gases.
6. Subsections (8)-(10) amend the effective rate of duty on fuel oil, gas oil, light oil for use as furnace fuel and biodiesel for off-road use.
7. Subsection (11) provides for the revocation of a number of statutory instruments as a consequence of the abolition of the biofuels differential.

Background Note

8. At Budget 2009 the Government announced that the duty rates on main road fuels would be increased on 1 April from 2010 to 2013 by 1ppl above indexation in each year and that the effective rates of duty for non-road fuels would be increased by the same percentage as road fuels; that the duty increases on natural gas would maintain the differential with the main road fuels; and that the differential for road fuel gas other than natural gas would be reduced by the equivalent of 1 penny on a litre of petrol each year. Budget 2010 announced that the increases would be implemented in stages in order to ease pressure on incomes at a time when other prices are rising, and that with effect from 1 April 2010 the main road fuel duty would be increased by 1ppl with consequential effects on rebated fuels and road fuel gases.

*These notes refer to the Finance Act 2010 (c.13)
which received Royal Assent on 8 April 2010*

9. Budget 2008 announced that the duty differential for biofuels would cease in 2010-2011 and the duty would be charged at the same rate as the main road fuels. The 2009 Pre-Budget Report confirmed that this would take effect on 1 April 2010.
10. Duty on leaded petrol is increased with effect from 1 April 2010 by 1 ppl and duty on aviation gasoline is increased by 3.78ppl.