
EXPLANATORY NOTE

(This note is not part of the Order)

This Order appoints 15th August 1997 as the day on which section 7 of the Finance Act 1997 comes into force.

Section 7 introduces into the Hydrocarbon Oil Duties Act 1979 (c. 5) (“HODA”), by way of amendments to HODA specified in section 7, a new category of heavy oil for excise duty purposes, called ultra low sulphur diesel (“ULSD”). ULSD is defined by new subsection (5) of section 1 of HODA, set out in section 7(1) of the Finance Act 1997.

ULSD is charged, as heavy oil, with excise duty by section 6(1) of HODA in the circumstances described in that section. It is subjected to its own specific rate of excise duty, specified by new subsection (1A) of section 6 of HODA (set out in section 7(3) of the Finance Act 1997) as amended by section 11 of the Finance (No. 2) Act 1997 (c. 58). The rate is currently set at one penny below the rate for ordinary or non-ULSD diesel oil or fuel.

Section 7 of the Finance Act 1997 also makes other necessary changes or amendments to HODA consequent on the introduction of ULSD as a new category of heavy oil.