

Fuel Rebate Changes

Important information about changes to rebated fuel entitlement

Certain industries will no longer be permitted to use rebated red diesel, biofuels and other fuels from the 1st of April 2022. This quick reference sheet sets out which industries, fuels and applications have been affected by these changes.

The rebated fuels affected are:

- Red diesel
- Rebated HVO fuel
- Rebated biofuels/bioblends
- Fuel substitutes

Industries that can still use rebated fuels after April 2022:

- Agriculture
- Horticulture
- Fish farming
- Forestry
- Boating
- Marine
- Non-commercial heating & electricity generation in:
 - Domestic homes
 - Places of worship
 - NHS facilities
 - Golf courses
 - Community centres
 - Amateur sports clubs
 - Travelling fairs and circuses
 - Rail
 - Sailing
 - State schools
 - Town halls and government buildings

Industries that will lose access to rebated fuels after April 2022:

- Construction and road maintenance
- Logistics and haulage (including refrigeration units)
- Mining and quarrying
- Oil and gas extraction
- Commercial heating
- Leisure
- Airport and port operations
- Manufacturing (such as ceramics, timber and steel)
- Waste management

Errata by industry

Agriculture, horticulture, fish farming and forestry

Can use rebated fuels in agricultural and special vehicles (off-road), machinery and appliances.

Rail

Can only use rebated fuels to propel or stop vehicles that run on a railway. They cannot use rebated fuels for any other purpose, such as cooling or heating units.

Travelling fairs and circuses

Can only use rebated fuels to power rides and for the provision of electricity and heating for caravan accommodation.

Sailing, boating and marine

Rebated fuels can be used in all types of boat. It can be used in engines and any other machines and appliances that are permanently on the boat.

Golf courses

Rebated fuels can be used in vehicles and special vehicles, and for heating and lighting within the boundaries of the course and club.

Important information

- If you're not in an exempt industry, you must have moved to full-duty fuels by April 1st 2022.
- You will not be required to clean and flush your tanks before moving to full duty fuels.
- Save all your invoices and receipts to prove that you haven't been stockpiling and have been purchasing full-duty fuels.
- Non-commercial bodies can continue to purchase red diesel for heating and electricity generation.
- Backup fuel generators in commercial businesses can run their stock levels down as long as it was purchased before 10th June 2021, otherwise they may need a special licence from the HMRC.

Call 0330 678 0880 to speak to a fuel expert today



Frequently Asked Questions

Will I be able to buy red diesel after the 1st of April if I'm not in an exempted industry?

You won't be able to purchase red diesel after this date and will have to buy white diesel or a cleaner alternative such as white HVO.

Can I stockpile my red diesel?

You shouldn't stockpile - HMRC are advising non-exempt users to plan their red diesel usage up to the 1st April 2022, so ensure that you only buy what you will use by this date.

What do I do if I have rebated diesel fuel in my storage tank?

If you have any surplus fuel in your tanks after 31st March you will need to:

- Sell or give to someone who is allowed to use it;
- Sell or give to any Registered Dealer in Controlled Oil (RDCO); or
- Dispose of it via an approved waste oil or recycling company

You should keep records of any sales or disposal

My commercial pharmaceutical business has backup fuel tanks with rebated fuel in them. Do I need to get rid of it?

If you bought the fuel before 10th June 2021 then you can run this stock down and then move to white diesel in due course. If you bought the fuel after 10th June 2021 or cannot change to non-rebated fuel for technical or safety reasons, you will need to apply for a special licence from HMRC.

My commercial business is moving to white diesel - do I need to flush my tanks?

No, HMRC understands there may be a period of time where a red indicator may be present in a machine or vehicle tank.

What records should I be keeping?

You should keep accurate records of all fuels you have purchased to prove that you haven't been stockpiling rebated fuels and that you're transitioning to non-rebated fuels.

If my construction company is doing work for a non-commercial business, can I purchase rebated diesel?

No, as the construction industry is not one of the eligible industries that can continue to use red diesel even when carrying out work for eligible clients.

Can the rail network purchase red diesel for any of our off-rail machinery or equipment?

No, the rail industry can only use rebated fuel to propel or stop vehicles that run on the railway.

We are a community sports club; can we purchase red diesel for our mowing machines and to heat the clubhouse?

Yes, as long as the club is registered as a community amateur sports club it can continue to purchase red diesel for both of these purposes.

What if I am found to have traces of marked diesel in my tanks/vehicles after the 1st April?

HMRC will take a pragmatic approach to all cases. As long as you have invoices/receipts to prove you have moved over to full duty fuel they will be more concerned with companies and individuals that are continuing to use red diesel illegally.

Do the tax changes affect HVO?

Yes the rules affect HVO in the same way as rebated fuels. If you're still eligible to use red HVO, the duty remains at 11.14pppl and white HVO 57.95pppl. If you're no longer eligible to use red HVO, then you will need to switch to white HVO or another non-rebated fuel.