

# 2006 Pre-Budget Report



**HM Revenue  
& Customs**

**PBRN 20**

**6 December 2006**

---

## **HYDROCARBON OILS: DUTY RATES**

---

### **Who is likely to be affected?**

1. Businesses producing and importing hydrocarbon oils products.

### **General description of the measure**

2. From 7 December 2006, the effective excise duty rates for road fuels will be increased by 1.25 pence per litre (ppl), in line with the inflationary increases announced at Budget 2006. Effective rates of duty (that is, the relevant duty minus the relevant rebate) for non-road fuels will also be increased by 1.25 ppl.
3. In order to maintain the current differentials with main road fuels, the effective duty rates for biodiesel and bioethanol will also be increased by 1.25 ppl. The effective duty rate for natural gas will increase by 1.81 p/kg (equivalent to 1.25ppl) to maintain the differential with main road fuels. The effective duty rate for liquefied petroleum gas will increase by 3.21p/kg (equivalent to 2.25ppl) to reduce the differential with main road fuels by the equivalent of 1ppl.

### **Operative date**

4. The changes will have effect on and after 7 December 2006.

### **Current law and proposed revisions**

5. The Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) Order 2006 and the Excise Duties (Road Fuel Gas) (Reliefs) Regulations 2006 will be revoked, with effect from 7 December 2006, by the Excise Duties (Surcharges or Rebates) (Hydrocarbon Oils etc.) (Revocation) Order 2006 and the Excise Duties (Road Fuel Gas) (Reliefs) (Revocation) Regulations 2006.
6. The new effective rates of duty are given in the attached table. Changes to the rate for rebated gas oil mixed with biodiesel for the purposes of pilot projects are detailed in a separate PBR Note on biofuels.

7. The new effective rates of duty will be:

<b>Light oils</b>	<b>Effective duty rate per litre (£)</b>
Ultra low sulphur petrol (ULSP)	0.4835
Sulphur-free petrol (SFP)	0.4835
Unleaded petrol that is not ULSP or SFP	0.5152
Aviation gasoline (AVGAS)	0.2884
Light oil delivered to an approved person for use as furnace fuel	0.0729
Other light oil (including leaded petrol)	0.5768
<b>Heavy oils</b>	<b>Effective duty rate per litre (£)</b>
Ultra low sulphur diesel (ULSD)	0.4835
Sulphur-free diesel (SFD)	0.4835
Heavy oil which is not ULSD or SFD (conventional diesel)	0.5468
Marked gas oil and ultra-low sulphur diesel not for road fuel use	0.0769
Fuel oil	0.0729
Kerosene to be used as motor fuel off-road or in an excepted vehicle	0.0769
<b>Biofuels</b>	<b>Effective duty rate per litre (£)</b>
Biodiesel	0.2835
Biodiesel used otherwise than as road fuel	0.0313
Bioethanol	0.2835
<b>Road fuel gases</b>	<b>Effective duty rate per kg (£)</b>
Natural gas (NG)	0.1081
Road fuel gas other than natural gas – e.g. liquefied petroleum gas (LPG)	0.1221

**Further advice**

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