

# 2007 Pre-Budget Report and Comprehensive Spending Review



PBRN 27

9 October 2007

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## FACILITATING USE OF BIOBUTANOL

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### Who is likely to be affected?

1. Businesses producing and importing biobutanol.

### General description of the measure

2. Biobutanol is an alcohol derived from the fermentation of biomass, and a lower carbon emitting substitute for petrol.
3. Biobutanol used as a road fuel in specific pilot projects to test the use of biofuels will be eligible to duty at 30.35 pence per litre. Eligible pilot projects that offer potential environmental benefits will be approved individually by HM Revenue & Customs, subject to appropriate anti-fraud safeguards.

### Operative date

4. A statutory instrument will be laid before Parliament shortly, and will come into effect 21 days after being laid.

### Current law and proposed revisions

5. Biobutanol is currently treated as a fuel substitute to petrol, and under section 6A of the Hydrocarbon Oil Duties Act 1979, it is subject to duty at 50.35 pence per litre.
6. A statutory instrument will be made under section 20AB of Hydrocarbon Oil Duties Act 1979.

### Further advice

7. If you have any questions about this change, 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)