

# GUIDANCE ON CHANGES TO USE OF RED DIESEL AND OTHER REBATED FUELS **FROM 1 APRIL 2022**

The way forward in partnership  
with SPP Service



**spp**

**PUMPS**

PROTECTING LIFE. IMPROVING LIVES.

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# 1.

## WHAT IS CHANGING

The UK government has announced that most machines and vehicles will no longer be permitted to use rebated (red) diesel and rebated biofuels from 1 April 2022.

Rebated fuel use will be limited to certain machines, when used for specific purposes.

Where it will be no longer permissible to use rebated fuel in diesel-powered machines or vehicles usage must change to diesel or biofuels that have the full rate of fuel duty has been paid.

The rebated fuels affected by these changes are rebated (red) diesel, rebated Hydrotreated Vegetable Oil (HVO), rebated biodiesel and bio-blend, and fuel substitutes.

# 2.

## WHEN CAN REBATED FUEL BE USED

### FROM 1 APRIL 2022

From 1 April 2022, rebated fuel can only be used in certain machines, vehicles or vessels for “allowed uses”. These allowed uses are set out at (a) to (f) below.



#### (A) AGRICULTURE, HORTICULTURE, FISH FARMING AND FORESTRY

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Rebated fuel can be used in agricultural vehicles, special vehicles, unlicensed vehicles, machines or appliances used for accepted purposes within these sectors. Accepted purposes are explained within the Memorandum of Agreement at section 9 of Excise Notice 75: Fuels for use in vehicles. This notice will be reviewed and updated in advance of April 2022.



#### (B) RAIL TRANSPORT

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Rebated fuel can be used to propel and stop a vehicle or machine designed to run on a railway, but not on a tramway.



#### (C) FUEL USED FOR NON-COMMERCIAL PURPOSES - HEATING AND POWER GENERATION

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Rebated fuel can be used for non-commercial power generation and heating premises being used for non-commercial purposes.

Non-commercial purposes mean where the activities carried out at the premises are not concerned with making profit. This includes, for example at premises being used to provide a public service or for charitable fundraising. MoD establishments – NHS premises are examples.

Where premises are being used for the purpose of making a profit, for example a school or hospital that charges fees, the fuel would be considered as being used for commercial

##### C1) HEATING

Rebated fuel can be used for heating premises being used for non-commercial purposes, including, for example, domestic homes, places of worship, NHS hospitals and townhalls.

##### C2) POWER GENERATION

Rebated fuel can be used for power generation for homes and other premises being used for non-commercial purposes. This includes those not connected to the electricity grid and those that use back-up generators to ensure continuous power supply.



## (D) COMMUNITY AMATEUR SPORTS CLUBS (CASC) AND GOLF COURSES

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A CASC means a club which is registered as a community amateur sports club as defined in section 658 of the Corporation Tax Act 2010. If you are not already registered as a CASC.

Rebated fuel can be used in agricultural vehicles and unlicensed vehicles kept and used on land maintained by a CASC or on a golf course or golf driving range.



## (E) SAILING, BOATING AND MARINE TRANSPORT (EXCLUDING PRIVATE PLEASURE CRAFT IN NORTHERN IRELAND)

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All types of boat, except for private pleasure craft in Northern Ireland, may use rebated fuel in their engines and other machines and appliances permanently on the boat.



## (F) TRAVELLING FAIRS AND CIRCUSES

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Rebated fuel can be used in machines and appliances associated with a fair or circus, providing the fair or circus is not in a place where it spends more than 27 days in a calendar year.



# 3.

## PREPARING FOR 1 APRIL 2022

### – FUEL USERS

**From 1 April 2022 it will be illegal to put rebated fuel into the tank of a vehicle, vessel, machine or appliance that is not permitted to use it.**

Owners / Operators who are no longer able to use rebated fuel should plan to run down the fuel in vehicles or machine to close to nil before 1 April 2022. Rebated fuel from 1 April 2022 must not be used, fully duty-paid diesel or biofuels must be used.

#### (A) REBATED FUEL IN STORAGE TANKS

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Owners / Operators currently able to use rebated fuel must be aware that from 1 April 2022, they must plan to use up any stock of fuel held in storage by this date.

Owners / Operators are not be expected to flush out all traces of rebated fuel from storage tanks but must plan to more or less empty your tank and use fully duty-paid diesel or biofuels when replenishing fuel into your vehicle or machine after the rules change. Any surplus rebated fuel in storage tanks after 31 March 2022 may be:

- sold or given to someone who is authorised to use it.
- sold or given to any Registered Dealer in Controlled Oil (RDCO) (if they will accept returns).
- disposed of via an approved waste oil recycling or disposal company.

Owners / Operators will be required to keep a record of how and when the fuel was disposed of, or who it was sold to or disposed of.

Owners / Operators will need to review weekly or monthly usage to determine how much rebated fuel they are likely to use by 31 March 2022, to plan how to manage any surplus stock.

If it becomes apparent that Owners / Operators are unable to manage your reserves of rebated diesel before 31 March 2022, they may seek advice from HMRC.

**Contact: [oils.policymail@hmrc.gov.uk](mailto:oils.policymail@hmrc.gov.uk)**

# 4.

## PREPARING FOR 1 APRIL 2022

### – REGISTERED DEALERS IN

### CONTROLLED OIL (RDCO)

**From 1 April 2022, it will be illegal to put rebated diesel into a vehicle, vessel, machine or appliance for a use that is no longer allowed.**

Although the use of rebated fuel will be significantly restricted from 1 April 2022. The responsibility of an RDCO is not changing. RDCOs will still need to take all necessary precautions to ensure that they supply rebated fuel only to people parties that will use it as permitted.

Affected users will need to deplete their stocks of rebated fuel in the run up to the changes and not replenish their vehicles or machines after the rules change. It is therefore important that RDCOs ensure customers understand the changes to the rules and help them to prepare.

#### (A) A VEHICLE OR MACHINE USED FOR BOTH ALLOWED AND NON-ALLOWED PURPOSES

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It will be illegal to put rebated fuel in a vehicle or machine for a use no longer allowed after the rules change.

Any person or organisation using a vehicle or machine for both allowed and non-allowed purposes after the rules change, must either flush out the tank to remove all traces of rebated fuel when switching uses or use fully duty-paid diesel or biofuels for everything.

Before the rules change users will therefore need to take a decision on how they manage the fuel machines after 1 April 2022.

#### B) EMERGENCY BACK-UP POWER GENERATION USED IN COMMERCIAL PREMISES

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Rebated fuel can be used for power generation in premises being used for non-commercial purposes but cannot be used in premises used for commercial purposes.

Users will not be expected to flush out all traces of rebated fuel from the fuel tanks of back-up generators or storage tanks.

A photograph of laboratory glassware, including several graduated cylinders and beakers, with blue and white markings, set against a blurred background of a laboratory environment.

Users may use up rebated fuel after the rules change for the purposes of emergency back-up power generation in premises being used for commercial purposes. However, will need to be able to satisfy HMRC officers that the fuel was purchased when the generator was allowed to use it, and have had no reason to believe at the time of that purchase that the fuel would not be used illegally in any generator.

## C) CRITICAL SAFETY AND ENVIRONMENTAL APPLIANCES OR MACHINES USED IN COMMERCIAL PREMISES

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Rebated fuel can be used for power generation for critical safety and environmental appliances or machines in premises being used for non-commercial purposes but cannot be used in premises used for commercial premises.

Users will not be expected to flush out all traces of rebated fuel from the fuel tanks of critical safety and environmental appliances or machines or storage tanks.

Users may use up rebated fuel after the rules change for use in other critical safety and environmental appliances or machines in premises being used for commercial purposes. This could include, for example, fire protection systems, medical and life support equipment, and auxiliary boilers which are designed to provide safety and environmental protection.

Users will need to be able to satisfy HMRC that the fuel was purchased when the appliance or machine was allowed to use it and had no reason to believe at the time of that purchase that the fuel would not be used legally in critical safety and environmental appliance or machine. An example would be where the fuel was bought before the April 2022 changes were confirmed at Budget 2021.

## D) HMRC'S APPROACH TO COMPLIANCE

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For those vehicles, vessels, machines and appliances able to use rebated fuel up to 1 April 2022 but not after, there may be a period between the rules changing and the rebated fuel in the internal tank or engine of the machine being used up. How long this will take will depend on the type of vehicle/machine, the size of its fuel tank and the rate of fuel consumption and the interpretation of usage by the HMRC.

HMRC plan to carry out checks on any vehicles or machine using diesel to confirm the correct fuel is being used. If, after 1 April 2022, HMRC find traces of fuel markers in the fuel supply of a vehicle or machine that is not able to use it, users will be asked to provide evidence to demonstrate / prove that any rebated fuel in the vehicle or machine was put in before the rules changed and is still being used up.

All users should be able to demonstrate that they have been refilling with the correct fuel since the rules changed by retaining invoices or receipts showing purchase of fully duty-paid diesel or biofuels.

As mentioned above, if users operate a vehicle or machine for both allowed and non-allowed purposes after the rules change, they must either flush out the tank to remove all traces of rebated fuel when switching uses, or refill with fully duty-paid diesel or biofuels for.

Where vehicles or machines are found to be running on rebated fuel unlawfully, they are liable to seizure. However, HMRC officers will have the discretion to disapply the liability to seizure providing the user can demonstrate to the HMRC's officer's satisfaction through invoices/receipts that rebated fuel has not been put into the fuel tanks after the rules changed.

HMRC acknowledge there will be traces of rebated fuel in tanks after the rules change. HMRC officers intend to take a pragmatic approach to enforcement, considering the steps taken by Owners / Operators to switch to using fully duty-paid Diesel or biofuels. HMRC will target users who deliberately or knowingly use rebated fuel illegally. Therefore, if HMRC officers have evidence or reason to believe rebated fuel is used in a vehicle or machine intentionally or recklessly after the rules changed, the user/owner may be subject to the civil or criminal sanctions set out in Section 6 of Excise Notice 75. Offences include, for example, the taking in or misuse of rebated fuel in a vehicle or machine for use as fuel when not allowed to do so and misuse related to the supply of rebated fuel.

## E) REFILLING THE TANK OF A MACHINE/VEHICLE WITH REBATED FUEL OUTSIDE THE UK

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In some jurisdictions or countries, such as the Channel Islands, Isle of Man or EU Member States, use of rebated fuel will still be legal in some of the machines or vehicles that are no longer permitted to use it in the UK from 1 April 2022. If a vehicle or machine is refuelled in a jurisdiction or country where using rebated fuel in that machine is allowed, that fuel can be used up in the UK. Users or operators must retain receipts or other documents to satisfy HMRC that they have not refilled your vehicle or machine unlawfully in the UK.

## F) WHEN WILL THE GUIDANCE BE UPDATED?

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Excise Notice 75: *Fuels for use in vehicles* will be updated in advance of 1 April 2022. Other Excise notices which refer to rebated fuel will also be updated to the same timetable to reflect new rules.

# 5.

## SUMMARY:

# WHAT DOES THIS MEAN FOR DIESEL DRIVEN FIRE PROTECTION PUMPS

If a Diesel Engine driven fire pump is installed within or protecting premises that are used for Commercial purposes (for the purpose of making profit) From 1 April 2022 it will be illegal to put rebated fuel into the tank.

We understand users may use up rebated fuel after the rules in premises being used for commercial purposes. However, they will need to be able to satisfy HMRC officers that the fuel was purchased when the machine was permitted to use it, and to have had no reason to believe at the time of that purchase that the fuel would not be used illegally in any generator.

**In the event of any doubt Owners / Operators should seek advice from HMRC. Contact: [oils.policymail@hmrc.gov.uk](mailto:oils.policymail@hmrc.gov.uk)**

SPP believe the best practice and to avoid any doubt fuel systems should be purged of rebated fuels (red Diesel by 01/04/2022 and replenished with duty paid fuels.

This is also an ideal opportunity to have fuel, fuel systems and storage tanks cleaned to remove traces of water build-up, dirt, sediment and microbial growth in stored fuels, all of which can prevent a Diesel engine achieving required performance, operating at all, or in more serious cases causing an engine to suffer a catastrophic failure.

## SPP PUMPS CAN ASSIST AND PROVIDE OUR CUSTOMERS WITH THE:-

- Removal and environmentally compliant disposal or recycling of rebated fuels (red diesel)
- Arrange replenishment of fuel tanks with appropriate duty paid fuels.
- The cleaning and condition in fuel and fuel tanks.
- Installing automatic fuel conditioning and cleaning equipment to prevent build-up of dirt, sediment and microbial growth in stored fuels.