

Guidance

Check when rebated fuel can be used

Updated 15 March 2022

From 1 April 2022, rebated diesel (known as red diesel) and rebated biofuels will no longer be allowed to be used as they are currently.

You will only be able to use rebated fuel for specific purposes, when using certain allowed:

- machines
- vehicles
- vessels
- appliances

If you will no longer be able to use rebated fuel, **and you cannot change to a cleaner alternative**, you'll need to use diesel or biofuel which the full rate of fuel duty has been paid for.

The rebated fuels affected by these changes are:

- rebated diesel
- rebated Hydrotreated Vegetable Oil (HVO)
- rebated biodiesel and bioblend
- **kerosene taxed at the rebated diesel rate**
- fuel substitutes

HVO is a liquid hydrocarbon which is classified for excise purposes as heavy oil and treated the same as diesel.

Fully rebated kerosene is unaffected by these changes and can be used for all heating uses.

Biodiesel, bioblend and fuel substitutes are already subject to fuel duty when they're set aside to be used in any of the following:

- engines
- motors
- machines

They will also become liable for fuel duty if they're used for heating purposes when used to heat premises used for:

- non-commercial purposes — the rebated rate of fuel duty will apply
- commercial purposes — the full rate of fuel duty will apply

When can rebated fuel be used from 1 April 2022

Agriculture, horticulture, fish farming and forestry sectors

You will be able to use rebated fuel in vehicles, machines and appliances for accepted uses if you're in any of the following sectors:

- agriculture
- horticulture
- fish farming
- forestry

Accepted uses for agriculture, horticulture, forestry, fish farming and forestry are explained in the [Memorandum of Agreement in Fuels for use in vehicles \(Excise Notice 75\)](#).

The accepted uses in agriculture that rebated fuel may be used include, the running or participating in off-road outdoor events, which include agricultural events and ploughing matches. These events demonstrate the skills and exhibit the equipment and animals associated with agriculture and animal husbandry.

Within these sectors, rebated fuel is allowed for accepted uses only in:

- agricultural vehicles
- special vehicles
- unlicensed vehicles
- mowing machines
- certain other machines and appliances

You can use rebated fuel to travel to and from the place where the vehicle has an accepted use, except on public roads in unlicensed vehicles.

You can also use rebated fuel in agricultural vehicles for:

- accepted uses relating to agriculture, horticulture, fish farming and forestry
- cutting trees, verges and hedges that border public roads
- clearing or dealing with frost, ice and snow (including gritting), or flooding

You'll also be able to use them for any other purpose on private land where they are ordinarily kept.

If you use rebated fuel in agricultural vehicles, machines and appliances for purposes relating to agriculture (including horticulture, fish farming and forestry), you will also be able to use them for any other purpose on private land where they are ordinarily kept.

If a vehicle allowed to use rebated fuel is transported by another vehicle, you can only use rebated fuel in the vehicle carrying or towing it if that vehicle also qualifies in its own right.

Vehicles used on railways

You can use rebated fuel to propel and stop a vehicle designed to run on a railway, but not on a tramway.

You cannot use rebated fuel to power other machines or equipment used on a railway, such as cooling or heating units in railway freight wagons, unless they are also powered by the engine that propels the vehicle.

Electricity generation and heating for non-commercial premises

You can use rebated fuel for electricity generation and heating for premises that are not used for commercial purposes.

'Commercial purposes' means trading in goods or services with the intention of making a profit. It does not include the delivery of a service, where it is intended that any profit made will be used to cover the costs of delivering that service.

Some examples of premises which will not be used for commercial purposes, and for which the use of rebated fuel in electricity generation and heating will be allowed, includes:

- domestic homes
- premises used to deliver central and local government functions or acts of public administration, for example, NHS hospitals, state schools, town halls, public libraries
- places of worship
- premises used by registered charities for their primary purpose trading, for example, educational charities delivering education or training, museums and independent schools

The type of activities that take place on these premises can include those relating to the services you provide, and activities that indirectly relate to the carrying out of your service. For example, a café selling food and drink in a library is not part of the library service but it enhances the overall experience for the public, and encourages them to make use of it, which also helps to contribute to its running costs.

You can use rebated fuel for electricity generation and to heat premises even if commercial contractors work there, provided they contribute to the running of your service. For example, the provision of services such as school catering and cleaning by commercial contractors does not mean that the premises are used for commercial purposes.

If your premises have different areas used for commercial and non-commercial purposes, you can use rebated fuel for heating and electricity generation for the area of the premises not used for commercial purposes, if a separate heating system or generator is used.

Rebated fuel can also be used for electricity generation and heating including:

- accepted uses relating to agriculture, horticulture, fish farming and forestry

- on land maintained by a community amateur sports club that is registered with HMRC and on golf courses and driving ranges
- travelling fairs and circuses

Registered community amateur sports clubs (CASCs), golf courses and driving ranges

You can use rebated fuel in agricultural vehicles and unlicensed vehicles kept and used on:

- land maintained by a club that is registered with HMRC as a community amateur sports club (CASC)
- a golf course
- a golf driving range

A CASC does not include community clubs that are not registered with HMRC. Find out if you are eligible to register and how to register as a CASC.

You can also use rebated fuel in any machines or appliances (other than vehicles) being used in these venues. This includes heating and lighting buildings, such as clubhouses and changing rooms.

When you're working on these venues, you can use rebated fuel in special vehicles, such as:

- diggers
- cranes

You can also use rebated fuel in special vehicles when the vehicle is going to or from a golf course or land maintained by a CASC that is registered with HMRC, where the vehicle is used.

You can only use rebated fuel in mowing machines used on a golf course or driving range, and on land maintained by a CASC. Mowing machines cannot be used on public roads but can be transported by another vehicle to be used at these places.

Where the land, golf course or driving range is either side of a public road, you can use rebated fuel in an agricultural or special vehicle while travelling between the 2 parts by the shortest possible route, providing the vehicle is licensed to use the road.

Sailing, boating and marine transport

You can use rebated fuel in all types of boat, except for private pleasure craft in Northern Ireland. This includes in their engines and in other machines and appliances permanently on the boat.

You cannot put rebated fuel into the fuel supply of the engine of a private pleasure craft in Northern Ireland.

If you buy rebated fuel for private pleasure craft in Great Britain, you will be required to pay the additional duty on the proportion of the fuel you will use to propel the craft.

Find more information about [fuel used in private pleasure craft and the changes in Northern Ireland.](#)

Travelling fairs and circuses

A travelling fair or travelling circus is one that can be dismantled at least once per year and can be transported from place to place.

You can use rebated fuel in machines and appliances to:

- power rides
- provide electricity and heating for caravan accommodation

You can use rebated fuel in a mowing machine or unlicensed vehicle **used by a travelling fair or circus.**

What vehicles, vessels, machines or appliances can use rebated fuel for accepted uses

You will only be able to use rebated fuel in certain vehicles or machines for specific accepted uses. Find more information about these accepted uses in 'when can rebated fuel be used from 1 April 2022'.

Agricultural vehicles

Agricultural vehicles can use rebated fuel for the following accepted uses:

- agriculture, horticulture, fish farming and forestry
- cutting trees, verges and hedges that border public roads
- clearing or otherwise dealing with frost, ice, snow (this includes gritting), or flooding
- by a club registered as a community amateur sports club
- on golf courses and driving ranges

An agricultural vehicle is a:

- tractor
- single seat, light vehicle (less than 1,000 kilograms), designed and constructed mainly for off-road use
- vehicle licensed only for use between different parts of land for purposes relating to:
 - agriculture
 - horticulture
 - forestry
- vehicle constructed and adapted, with built-in or permanently attached handling and processing equipment, to be used for purposes relating to agriculture, horticulture, fish farming or forestry

Special vehicles

Special vehicles can use rebated fuel for the following accepted uses:

- agriculture, horticulture, fish farming and forestry
- by community amateur sports clubs that are registered with HMRC and on golf courses and driving ranges

A special vehicle is a vehicle designed, constructed and used as set out in Part 4 of Schedule 1 to the Vehicle Excise and Registration Act 1994, but without any weight restriction.

Special vehicles include:

- digging machines
- mobile cranes
- mobile pumping vehicles
- work trucks
- road rollers

Unlicensed vehicles

Unlicensed vehicles can use rebated fuel for the following accepted uses:

- agriculture, horticulture, fish farming and forestry
- by community amateur sports clubs that are registered with HMRC and on golf courses and driving ranges
- by travelling fairs and circuses
- any other circumstances providing the vehicle is using fuel gas for fuel

Unlicensed vehicles include those that are not kept or used on public roads and where you have made a Statutory Off Road Notification (SORN), if required, to the Driver and Vehicle Licensing Agency.

Mowing machines

Mowing machines can use rebated fuel for the following accepted uses:

- land maintained for purposes related to agriculture, horticulture, fish farming and forestry
- by community amateur sports clubs that are registered with HMRC and on golf courses and driving ranges
- travelling fairs and circuses

Mowing machines include vehicles or machines designed only for mowing grass.

Other machines, appliances and unlicensed vehicles

Other machines and appliances can use rebated fuel for the following accepted uses:

- agriculture, horticulture, fish farming and forestry
- by community amateur sports clubs that are registered with HMRC and on golf courses and driving ranges
- by travelling fairs and circuses

Other machines and appliances can use rebated fuel for electricity generation and heating for premises that are not used for commercial purposes.

Other machines and appliances include:

- machines or appliances that are not a vehicle, vessel or mowing grass machine
- non-road mobile machinery

Vessels

Rebated fuel can be put into any vessel apart from the fuel supply of the engine of a private pleasure craft in Northern Ireland.

If you buy rebated fuel for private pleasure craft in Great Britain, you'll need to pay the additional duty on the proportion of the fuel you'll use to propel the craft.

Vessels include all types of boat.

Guidance

How to prepare for the changes to rebated fuel if you're a fuel user

Updated 15 March 2022

From 1 April 2022 you must not put rebated fuel into the tank of a vehicle, vessel, machine or appliance that is not allowed to use it.

If you're no longer able to use rebated fuel, you should plan to run down the fuel you have to as close to nil as reasonably practicable before 1 April 2022.

You may only use up rebated fuel after 1 April 2022, if the fuel was lawfully put into your vehicle, vessel or machine before 1 April 2022. **This includes where special provision has been made as outlined in sections 3 and 4 of this guide.**

1. Rebated fuel in storage tanks

If you only use fuel for non-accepted uses from 1 April 2022 as a result of these changes, you should plan to use up stocks of fuel held in storage tanks by this date.

You will not be expected to flush out any residue of rebated fuel from your storage tanks once it has been used up.

You may need to check how much rebated fuel you use, to determine how much you are likely to need until 31 March 2022, and plan how to manage any surplus stock.

If you order supplies of rebated fuel between now and 1 April 2022, you should only order the amount you expect to use by that date.

You should use diesel or biofuels which have had full duty paid when putting fuel into your vehicle, vessel, machine or appliance after the rules change on 1 April 2022.

Find more information about rebated fuel held in storage tanks and used for stand-by electricity generation and critical equipment used in commercial premises.

If you have any surplus rebated fuel in your storage tanks after 31 March 2022, that you are not able to use for an accepted use, you will need to:

- sell or give it to someone who is allowed to use it
- sell or give it to any Registered Dealer in Controlled Oil (RDCO)
- dispose of it using an approved waste oil recycling or disposal company

You will need to keep records to show how and when the fuel was disposed of or sold.

You can sell or dispose of the surplus fuel without needing to be approved by HMRC as an RDCO.

You should make sure that you dispose of surplus rebated fuel correctly and safely through an approved waste oil recycling or disposal company.

If you have a large volume of rebated diesel already in reserve and are concerned that you will not be able to use or dispose of it before 1 April 2022, you should contact oils.policymail@hmrc.gov.uk, **as soon as possible**.

2. Vehicles, machines or appliances used for both accepted and non-accepted uses

If you use vehicles, machines or appliances for both accepted and non-accepted purposes, you should consider using some for accepted and others for non-accepted purposes. This will mean you'll not need to drain and flush the tank when you change the use of the vehicle from an accepted to non-accepted purpose.

If this is not practical or you do not wish to do this (for example, because the change of use is infrequent), you must either:

- use full duty paid diesel or biofuels for all uses
- drain and flush the tank of rebated fuel before the vehicle, machine or appliance is put to a non-accepted use

3. Transitional arrangements for stand-by electricity generation and critical equipment

From 1 April 2022 you can only use rebated fuel in a machine used for generating power where the premises are not used for commercial purposes. **You can also use rebated fuel for power generation for the accepted uses for:**

- agriculture, horticulture, fish farming and forestry
- community amateur sports clubs that are registered with HMRC
- golf courses and driving ranges
- travelling fairs and circuses

After the rules change, you can use up any rebated fuel you obtained before 11 June 2021, for either of the following uses:

- stand-by electricity generation in premises used for commercial purposes
- critical equipment used for commercial purposes

If on 1 April 2022, you are likely to have any rebated fuel which was obtained for either of these uses on or after 11 June 2021, you should contact us as soon as possible by sending an email to: oils.policymail@hmrc.gov.uk.

We will consider whether a licence may be granted which would let you:

- pay the difference in duty between the rebated and non-rebated rates

- use up rebated fuel on hand at 1 April 2022 for a non-accepted use

A licence will not allow you to continue buying rebated diesel to use. You will only be able to use rebated fuel that you have until 1 April 2022 and then it will be withdrawn. After 1 April 2022 you should only order, and take supply of diesel where full duty has been paid.

You will not be expected to flush out rebated fuel from the storage or running tanks used for:

- stand-by generators
- critical equipment

Stand-by electricity generation means using generators when necessary to make sure there is continuity of power. This does not include generators used as the main source of everyday electricity.

Stand-by electricity generation can also be used for commercial electricity generators. The generators can be used to manage pressures to the national grid and where a volume of back-up fuel needs to be held in reserve for security and regulatory purposes to maintain essential electricity supply.

Equipment is critical if it is needed to make sure continuous use or availability of an essential or critical service including:

- protecting national security
- emergency services and law enforcement
- health services, for example, medical and life support equipment
- the supply of water, fuel and power
- protecting the welfare of livestock and other animals

4. Use of rebated fuel in exceptional circumstances from 1 April 2022

You may be granted a licence to continue using rebated fuel after 1 April 2022, if you can show that there are exceptional circumstances why you cannot use full duty paid diesel.

Examples of exceptional circumstances may include the need to use rebated fuel for technical or safety reasons because using full duty paid diesel fuel is not compatible with your vehicles, vessels, machines or appliances.

You must apply to HMRC, and if we approve the licence, you will need to pay the difference in duty between the rebated and non-rebated fuels before using the rebated fuel.

A licence will not allow you to use rebated fuel indefinitely and will be reviewed. If you want to apply to HMRC for a licence, you will need to email: oils.policymail@hmrc.gov.uk.

If you need to start using full duty paid fuel because your use is not approved, but you believe you cannot do so for technical or safety reasons, you should email HMRC with details of why you cannot change from using rebated to full duty paid diesel.

If it is for a technical reason, you need to explain why your vehicle, vessel, machine or appliance cannot use non-rebated fuel. If there is a safety reason, you should outline why full duty paid fuel is a greater risk than rebated fuel.

5. Refilling the tank of a vehicle, vessel, machine or appliance with marked fuel outside the UK

In some jurisdictions or countries, using marked fuel will still be legal in some of the vehicles, vessels, machines or appliances that will no longer be allowed to use rebated (marked) fuel in the UK from 1 April 2022.

Examples of these jurisdictions or countries include:

- the Channel Islands
- other European countries

If you refuel and use your vehicle, vessel, machine or appliance in a jurisdiction or country where using marked fuel is allowed, you can use up the remaining fuel in the vehicle, vessel, machine or appliance when you return to the UK.

You will need to keep receipts or other documents to show that you have not refilled your vehicle, vessel, machine or appliance unlawfully in the UK. You will not need to flush the tank of your vehicle, vessel, machine or appliance on your return to the UK.

The same changes to rebated diesel and biofuels being made in the UK will also be applied in the Isle of Man from 1 April 2022.

6. Complying with the new rules

In vehicles, vessels, machines and appliances which are not allowed to use rebated fuel from 1 April 2022, it is likely there will be a period between the rules changing and the rebated fuel in the internal tank or engine being used up.

How long this will take will depend on the:

- type of vehicle, vessel, machine or appliance
- size of its fuel tank
- rate of fuel consumption

HMRC acknowledge that due to the requirement to maintain minimum fuel stock levels for safety reasons and operational requirements, fuel which has had full duty paid may be put into and mixed with existing stocks of rebated fuel in the tank. This may mean there may be a red indicator in the tank beyond 1 April 2022.

As part of the transition to the new rules, we are committed to working with you and your business to make sure you understand the impact of the changes.

We will consider the steps you've taken to change to using diesel or biofuels fuel which have had full duty paid (where needed). We will target users who deliberately or knowingly use rebated fuel unlawfully by checking receipts and invoice records.

We may carry out checks to confirm the correct fuel is being used in:

- vehicles
- vessels
- machines
- appliances
- storage tanks

You should be able to show that you have been refilling with the correct fuel since the rules changed by keeping invoices or receipts showing that you've purchased diesel or biofuels which have had full duty paid.

If after 1 April 2022, we find traces of fuel markers in the fuel supply of a vehicle, vessel, machine or appliance which is not allowed to use it, we will try to establish from our testing and your records whether the quantities are consistent with rebated fuel put into the tank before the rules changed. You may be asked to give evidence to show that any rebated fuel was put in before the rules changed and is still being used up. Where we find this to be the case we may arrange follow up checks to make sure that any quantities of rebated fuel are reducing.

If you put a vehicle, vessel, machine or appliance to both accepted and non-accepted uses after the rules change, you must keep records which demonstrate when you've flushed the tank and you have used full duty paid fuel for non-accepted uses.

For example, if you hire a vehicle, vessel, machine or appliance in which rebated fuel is acceptable for specific uses, you will need to keep evidence to confirm the correct fuel has been put into the fuel tank.

HMRC will consider what purpose the vehicle, vessel, machine or appliance was being used for at the time of inspection and whether this was an accepted use.

Vehicles, vessels, machines or appliances found running on rebated fuel that HMRC establishes was put into the tank after 1 April 2022, will be liable to be seized unless a licence has been granted and the duty paid.

HMRC will have the discretion not to seize if the user can demonstrate, using invoices and receipts, that they did not put rebated fuel into the fuel tanks after the rules changed.

If we have evidence or reason to believe you have put rebated fuel into your vehicle, vessel, machine or appliance intentionally or recklessly after the rules changed, you may be subject to the civil or criminal sanctions.

Guidance

How to prepare for the changes to rebated fuel if you're a registered dealer or producer of biofuels

Updated 15 March 2022

1. Registered dealers in controlled oil (RDCO)

From 1 April 2022, customers currently eligible to use rebated fuel will need to check when rebated fuel can be used.

Although the use of rebated fuel will be restricted from 1 April 2022, your responsibility as an RDCO is not changing.

You will still need to take all necessary precautions to make sure that you supply rebated fuel only to people who will use it as permitted. You need to look at the changes to check which of your customers will be affected.

You should not supply customers affected by the changes more rebated fuel than they may realistically use before the rules change.

Affected users will need to run down their stocks of rebated fuel in the months leading up to the changes and after the rules change not put any more rebated fuel into their:

- vehicles
- vessels
- machines
- appliances

You will need to make sure your customers understand the changes to the rules and help them to prepare by discussing their needs between now and 1 April 2022. This will help your customers reduce their supplies so that they are not left with unused rebated fuel in their storage tanks on 1 April 2022.

If a customer who will no longer be allowed to use rebated fuel after 1 April 2022 suggests stockpiling rebated fuel or begins to purchase more fuel than normal, you should discuss this with them and direct them to this guidance.

You will need to be able to demonstrate you have taken reasonable care to supply rebated fuel only to customers still allowed to use it.

If you supply rebated fuel before 1 April 2022, and you know or have reason to believe it will be put to a non-accepted use after these changes take effect, you will not have met your obligations as an RDCO.

This includes where, based on normal supply rates, a customer is unlikely to use the volume of fuel they order in the remaining time before 1 April 2022.

Due to the change in demand from rebated fuel to diesel or biofuels which have had full duty paid, you may need to reassign your storage tanks. If you do, the old tanks will need to be flushed out. You should keep a record of doing this and keep receipts or invoices if you employ someone to do it.

As there may be increased demand for these services in the run up to April 2022, you should consider organising this in advance of April.

If you will no longer be supplying rebated fuel as a result of these changes, you will need to remove your registration from the RDCO scheme.

Find more information about how to [remove your registration](#).

You will also need to tell us how you plan to dispose of any stocks of rebated fuel and keep the relevant records to show how you disposed of it.

2. New biodiesel requirements for producers of biofuels

From 1 April 2022, if you produce 2,500 litres or more of biodiesel as fuel, you will have to mark any biodiesel which you intend to put to any accepted use in vehicles, vessels, machines or appliances and pay the rebated rate of fuel duty.

This includes machines used for heating premises that are used for non-commercial purposes, as heating will be a chargeable use for biodiesel from 1 April 2022.

If you set aside biodiesel for commercial heating, you must pay fuel duty at the full rate for diesel.

From 1 April 2022, if you intend to supply rebated biodiesel, you must be approved to deal in controlled oils.

Find out how to apply to be a [registered dealer in controlled Oil](#).

You must make sure rebated biodiesel contains the chemical marker and dye as required by the [Hydrocarbon Oil \(Marking\) Regulations 2002](#).

These regulations require that the same markers used for rebated diesel must also be present in rebated biodiesel from 1 April 2022.

Only biodiesel which contains the prescribed markers can be used as rebated fuel in certain:

- vehicles
- vessels
- machines

- appliances

There is already a requirement for rebated bioblend to contain a chemical marker and dye to qualify for a rebate.

After April 2022, use of rebated bioblend be restricted in the same way as rebated diesel.