

# Guidance on changes to use of red diesel and other rebated fuels from 1 April 2022

## Contents

- **What's changing**
- **When can rebated fuel be used from 1 April 2022**
  - **Agriculture, horticulture, fish farming and forestry**
  - **Rail transport**
  - **Fuel used for non-commercial purposes - electricity generation and heating**
  - **Community amateur sports clubs (CASC) and golf courses**
  - **Sailing, boating and marine transport (excluding private pleasure craft in Northern Ireland)**
  - **Travelling fairs and travelling circuses**
  - **Definition of a vehicle, machine or appliance**
- **Preparing for 1 April 2022 – Fuel users**
  - **Rebated fuel in storage tanks**
- **Preparing for 1 April 2022 – Registered Dealers in Controlled Oil (RDCO)**
- **A vehicle, machine or appliance used for both allowed and non-allowed purposes**
- **Contingency back-up electricity generation and critical safety or environmental protection equipment**
- **HMRC's approach to compliance**
- **Refilling the tank of a vehicle, machine or appliance with rebated fuel outside the UK**
- **When will the guidance be updated?**

## What's changing

From 1 April 2022, most machines, vehicles and appliances will no longer be allowed to use rebated (red) diesel and rebated biofuels. From this date, the current approach of allowing rebated diesel and biofuels to be used in any machine that is not a road vehicle (including certain types of vehicles used mainly off-road) will end. Instead, rebated fuel use will be limited to certain vehicles, vessels, machines and appliances when used for specific purposes.

Those no longer allowed to use rebated fuel in diesel-powered vehicles, machines and appliances will be required to use diesel or biofuels on which 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 bioblend, and fuel substitutes. HVO is a liquid hydrocarbon which is classified for excise purposes as heavy oil and treated the same as diesel.

Biodiesel, bioblend and fuel substitutes are already subject to fuel duty when they are set aside to be used in an engine, motor or machine. From 1 April 2022, they will also be liable to fuel duty if they are used for heating purposes. The rebated rate of fuel duty will apply when they are used for non-commercial heating, and the full rate of fuel duty will apply when they are used for commercial heating.

This guidance will be reviewed in the run up to the introduction of the changes and amended as necessary. This may include further legislative changes (including, in particular, secondary legislation to be laid in spring 2022).

## When can rebated fuel be used from 1 April 2022

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

### (a) Agriculture, horticulture, fish farming and forestry

You will be able to use rebated fuel 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 replaced for April 2022, but purposes relating to these sectors will be unchanged. More details about the definitions are also set out under [Definition of a vehicle, machine or appliance](#) below.

You can also use rebated fuel in agricultural vehicles when cutting verges and hedges that border a road; and for snow clearance, gritting and assisting any clear-up following flooding.

With the exception of unlicensed vehicles, use of rebated fuel as set out above includes travel on roads to and from the place where the vehicle is used only for those purposes. Where a vehicle or machine allowed to use rebated fuel for these purposes is transported by another vehicle, you can only use rebated fuel in the vehicle carrying or towing it if it also qualifies in its own right.

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

### (b) Rail transport

You can use rebated fuel to propel and stop a vehicle or machine 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.

Where a vehicle, machine or appliance uses the same fuel tank for both allowed and non-allowed uses, you will have to use fully duty-paid diesel/biofuels from 1 April 2022. Find more information below in [A vehicle, machine or appliance used for both allowed and non-allowed purposes](#).

## (c) Fuel used for non-commercial purposes - electricity generation and heating

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

Non-commercial purposes can include premises being used to provide a public service that is not for a fee or for charitable fundraising.

You cannot use rebated fuel where premises are being used for the purpose of making a profit, for example a school or hospital that charges fees, as the premises would be used for commercial purposes.

You can use rebated fuel for electricity generation for homes and other premises being used for non-commercial purposes, including those that use back-up generators to ensure a continuous electricity supply.

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

## (d) Community amateur sports clubs (CASCs) and golf courses

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

You can use rebated fuel in any machines or appliances (other than vehicles) while being used at these clubs, courses or ranges, including for heating and lighting of buildings such as clubhouses and changing rooms.

While working on these grounds, you can use rebated fuel in special vehicles, such as diggers, cranes and mowing machines.

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

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, you can find [guidance here](#).

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

## (e) Sailing, boating and marine transport (excluding private pleasure craft in Northern Ireland)

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

Since 1 October 2021, you have not been able to put rebated fuel into the tank that supplies the engine used to propel a private pleasure craft in Northern Ireland. For more information about private pleasure craft and the changes in Northern Ireland, see [Excise Notice 554](#).

## (f) Travelling fairs and travelling circuses

You can use rebated fuel in machines and appliances associated with a travelling fair or travelling circus. A travelling fair or travelling circus is one that can be dismantled at least once year and can travel from place to place. A more detailed explanation will be set out in the public notice ahead of the implementation date.

You can use rebated diesel to power the rides, for providing electricity for, and heating of, the accommodation caravans, in mowing machines or unlicensed vehicles, but not in any road vehicle.

### Definition of a vehicle, machine or appliance

An agricultural vehicle is one of the following:

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

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. The types of vehicles that fall within that legislation are:

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

A mowing machine is a vehicle or machine designed only for mowing grass.

An unlicensed vehicle is a vehicle not kept or used on public roads, and for which a statutory off-road notification (SORN), if required, has been made to the Driver and Vehicle Licensing Agency.

A machine or appliance that is not a vehicle or vessel and is used for an allowed use also includes non-road mobile machinery.

## Preparing for 1 April 2022 – Fuel users

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 are no longer able to use rebated fuel, you should plan to run down the fuel in your vehicles, machines or appliances to as close to nil as reasonably practicable before 1 April 2022.

You may use rebated fuel as fuel other than for an excepted machine after 1 April 2022 if:

- it was taken into the vehicle, vessel, machine or appliance legally in the UK before 1 April 2022 (i.e. the vehicle, vessel, machine or appliance and the purpose it continues to be used for means it was allowed to use rebated fuel before the rules changed); and
- no rebated fuel has been taken into the vehicle, vessel, machine or appliance on or after 1 April 2022.

## Rebated fuel in storage tanks

If you are no longer going to be allowed to use rebated fuel from 1 April 2022 as a result of these changes, you should plan to use up stocks of fuel held in storage by this date. You will not be expected to flush out rebated fuel from your storage tanks.

You may need to review your weekly or monthly usage to determine how much rebated fuel you are likely to use by 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 fully duty-paid diesel or fully duty-paid biofuels when putting fuel into your vehicle or machine after the rules change on 1 April 2022.

Find more information below on rebated fuel held in storage tanks and used for contingency back-up electricity generation and critical safety or environmental protection equipment used in commercial premises.

If you have any surplus rebated fuel in your storage tanks after 31 March 2022, 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 via an approved waste oil recycling or disposal company

You will need to keep a record of how and when the fuel was disposed of, or who it was sold to and when. You can sell or otherwise dispose of the surplus fuel as above without needing to be approved by HMRC as an RDCO.

You should ensure that any disposal of surplus rebated fuel not used before the rules change is undertaken 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](mailto:oils.policymail@hmrc.gov.uk), ideally by 30 November 2021.

## Preparing for 1 April 2022 – Registered Dealers in Controlled Oil (RDCO)

From 1 April 2022, customers currently eligible to use rebated fuel must not put rebated fuel 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, your responsibility as an RDCO is not changing. You will still need to take all necessary precautions to ensure that you supply rebated fuel only to people who will use it as permitted. You need to familiarise yourself with the changes and establish which customers will be affected. You also need to take care not to supply more rebated fuel than a customer no longer allowed to use it 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 not put any more into their vehicles, machines or appliances after the rules change. You will need to ensure 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 to manage down their supplies so that they are not left with surplus rebated fuel in their storage tanks on 1 April 2022.

Where a customer who will no longer be allowed to use rebated diesel after 1 April 2022:

- suggests stockpiling rebated fuel
- begins purchasing above their normal amounts, or
- places a larger than normal order before April 2022

you should discuss this with them and direct them to [Preparing for 1 April 2022 – Fuel users](#).

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

If you supply rebated fuel before 1 April 2022 knowing, or having sufficient reason to believe, it will be put to a use that is no longer permitted after these changes, you will not have met your obligations as an RDCO. This includes where, based on normal supply rates, a user is unlikely to use the volume of fuel they order in the remaining time before 1 April 2022.

As a result of the change in demand from rebated to fully duty-paid diesel or fully duty-paid biofuels, you may need to reassign your storage tanks. If you do, they will need to be flushed out to remove all traces of fuel markers. You should keep a record of this being done and keep receipts/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 deregister from the RDCO scheme. You will also need to tell us how you plan to dispose of any stocks of rebated fuel and keep the relevant records to demonstrate how you disposed of it. Find more information on how to deregister in [Excise Notice 192 - Registered dealers in controlled oil](#).

## A vehicle, machine or appliance used for both allowed and non-allowed purposes

You must not put rebated fuel in a vehicle, machine or appliance for a use no longer allowed after the rules change.

If you use a vehicle, machine or appliance which is used for both allowed and non-allowed purposes after the rules change, you will need to make a decision on how you manage the fuel in these vehicles, machines and appliances after 1 April 2022.

You must either flush out the tank to remove all traces of rebated fuel when switching uses or use fully duty-paid diesel/biofuels for everything. This approach is required to ensure compliance and avoid the misuse of rebated fuel.

## Contingency back-up electricity generation and critical safety or environmental protection equipment

Rebated fuel can be used only for power generation in premises being used for non-commercial purposes. However, you can use up your stock of rebated fuel after the rules change, providing you obtained and stored it before 10 June 2021 (when the Finance Act 2021 introducing the legislative changes received Royal Assent) for the following:

- contingency back-up electricity generation in premises used for commercial purposes
- critical safety and environmental protection appliances or machines in premises used for commercial purposes.

If you have stocks of rebated fuel held for use as contingency back-up but which were obtained after 10 June 2021, or you need to continue to use rebated fuel for technical or safety reasons, you may be granted a licence by HMRC to continue using rebated fuel. You would need to apply to HMRC and, if they approve the use, pay the duty difference between that for rebated and non-rebated fuels on the fuel you expect to use. If you are concerned that you will not be able to use or dispose of fuel obtained after 10 June 2021 by 1 April 2022, you should contact [oils.policymail@hmrc.gov.uk](mailto:oils.policymail@hmrc.gov.uk), ideally by 30 November 2021.

You will not be expected to flush out all traces of rebated fuel from the fuel tanks of back-up generators or critical safety and environmental appliances, or from storage tanks used to supply them.

Contingency back-up electricity generation means:

- using contingency back-up generators when necessary to ensure continuity of power. This does not include generators used as the main source of everyday electricity
- commercial electricity generators such as those activated to manage pressures to the national grid, and

- where a volume of back-up fuel is required to be held in reserve for security and regulatory purposes to maintain essential electricity supply.

The term critical safety and environmental appliances includes fire protection systems, medical and life support equipment, and auxiliary boilers which are designed to provide safety and environmental protection.

## HMRC's approach to compliance

For those vehicles, machines and appliances allowed to use rebated fuel up to 1 April 2022 but not after, there will likely 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. HMRC acknowledges that due to the requirement to maintain minimum fuel stock levels for safety reasons and operational requirements, fully duty-paid fuel may be put into and mixed with existing stocks of rebated diesel in the tank. As such, there may be a red indicator in the tank beyond 1 April 2022.

HMRC may carry out checks on storage tanks, and on vehicles, machines and appliances 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 allowed to use it, you may be asked to provide evidence to demonstrate that any rebated fuel was put in before the rules changed and is still being used up.

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

If you use a vehicle or machine for both allowed and non-allowed purposes after the rules change, you 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 all of your use. You should retain the necessary evidence to demonstrate the steps undertaken. For example, if you hire a vehicle or machine which will be allowed to use rebated fuel for specific purposes, you will need to retain evidence to confirm the correct fuel has been put into the fuel tank. HMRC will consider what purpose the vehicle or machine was being used for at the time of inspection and whether this was an allowed purpose.

Vehicles, machines or appliances found running on rebated fuel unlawfully are liable to seizure. HMRC officers will have the discretion not to seize if the user can satisfy HMRC, through invoices/receipts, that they did not put rebated fuel into the fuel tanks after the rules changed.

HMRC officers will take a pragmatic approach to enforcement, considering the steps you take to switch to using fully duty-paid diesel or biofuels. HMRC will target users who deliberately or knowingly use rebated fuel illegally by scrutinising receipts and invoice records. Therefore, if HMRC officers have evidence or reason to believe you have put rebated fuel into your vehicle, machine or appliance intentionally or recklessly after the rules changed, you may be subject to the civil or criminal sanctions set out in [Section 6 of Excise Notice 75: Fuels for use in vehicles](#). Offences include, for example, the taking in or misuse of rebated fuel in a vehicle, machine or appliance for use as fuel when not allowed to do so and misuse related to the supply of rebated fuel.

## Refilling the tank of a vehicle, machine or appliance with marked fuel outside the UK

In some jurisdictions or countries, such as the Channel Islands, Isle of Man or EU Member States, use of marked fuel will still be legal in some of the vehicles, machines and appliances that will no longer be allowed to use rebated fuel in the UK from 1 April 2022. If you refuel your vehicle, machine or appliance in a jurisdiction or country where using marked fuel in that vehicle, machine or appliance is allowed, you can use the fuel up in the UK. You will need to retain receipts or other documents to satisfy HMRC that you have not refilled your vehicle, machine or appliance unlawfully in the UK. You will not be required to flush the tank or your vehicle, machine or appliance on your return to the UK.

## When will the guidance be updated?

[Excise Notice 75: Fuels for use in vehicles](#) will be updated in advance of 1 April 2022. Other guidance which refers to rebated fuel will also be updated to the same timetable to reflect the new rules.