

Status: Point in time view as at 24/07/2002. This version of this schedule contains provisions that are not valid for this point in time.

Changes to legislation: There are currently no known outstanding effects for the Finance Act 2002, SCHEDULE 2. (See end of Document for details)

SCHEDULES

SCHEDULE 2 U.K.

Section 5

HYDROCARBON OIL DUTIES: MINOR AND CONSEQUENTIAL AMENDMENTS RELATING TO BIODIESEL

Introduction

- 1 The Hydrocarbon Oil Duties Act 1979 (c. 5) is amended as follows.

Biodiesel and bioblend not to be treated as fuel substitute

- 2 In section 6A(1) (fuel substitutes: charge of duty) after “which is not hydrocarbon oil” insert “, biodiesel or bioblend”.

VALID FROM 26/07/2002

Exclusion of bioblend from rebates on heavy oil

- 3 In section 11 (rebate on heavy oil), after subsection (5) insert—
“(6) No rebate shall be allowed under this section in respect of bioblend.”.

Repayment of duty in case of biodiesel used otherwise than as road fuel

- 4 (1) After section 17 insert—

“17A Biodiesel used otherwise than as road fuel

- (1) If, on an application made for the purposes of this section, it is shown to the satisfaction of the Commissioners that within the period for which the application is made any quantity of biodiesel has been used by the applicant as mentioned in subsection (2) below, then, subject as provided below, the applicant shall be entitled to obtain from the Commissioners repayment of the amount specified below.
- (2) A person is entitled to repayment under this section in respect of biodiesel used by him—
- (a) otherwise than as road fuel,
 - (b) otherwise than by mixing the biodiesel with—
 - (i) hydrocarbon oil, or
 - (ii) a mixture containing hydrocarbon oil, and
 - (c) otherwise than in the form of a mixture containing biodiesel and hydrocarbon oil.

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- (3) For the purposes of subsection (2)(a) above, use “as road fuel” means use—
- (a) as fuel for the engine provided for propelling a road vehicle or for an engine that draws its fuel from the same supply as such an engine, or
 - (b) as an additive or extender in any substance so used.
- (4) The amount of the repayment is the amount of the excise duty which has been paid in respect of the quantity of biodiesel used less the amount of £0.0313 a litre.
- (5) The Commissioners may require an applicant for repayment under this section—
- (a) to state such facts concerning the biodiesel that is the subject of the claim, or the use to which it was put, as they may think necessary to deal with the application;
 - (b) to furnish them in such form as they may require with proof of any statement so made;
 - (c) to retain such records as the Commissioners may require relating to the use of biodiesel; and
 - (d) to permit an officer to inspect any premises, plant or vehicle on or in which the biodiesel in respect of which repayment is claimed is used.
- (6) If the applicant fails to comply with any such requirement, the Commissioners may reject the claim.”.
- (2) In paragraph 3 of Schedule 4 (regulations about claims for repayments), after “section 9(4), 17,” insert “ 17A, ”.

Mixing biodiesel and rebated heavy oil

- 5 (1) In section 20AAA (mixing of rebated oil), after subsection (2A) insert—
- “(2B) Where a mixture is produced in contravention of Part 2B of Schedule 2A to this Act, a duty of excise shall be charged on the mixture.”.
- (2) In section 20AAA(3) (producer of mixture liable to pay duty), for “or (2A)” substitute “, (2A) or (2B) ”.
- (3) After Part 2A of Schedule 2A (mixing of rebated oil) insert—

“PART 2B U.K.

BIODIESEL

Mixing biodiesel with rebated heavy oil

- 7B (1) A mixture is produced in contravention of this paragraph if it is produced by mixing—
- (a) biodiesel or a substance containing biodiesel, and
 - (b) rebated heavy oil.

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- (2) In sub-paragraph (1)(b) above “rebated heavy oil” means heavy oil in respect of which a rebate has been allowed under section 11 of this Act.”.
- (4) In paragraph 9(1A) of that Schedule (rates of duty for mixtures of heavy oil), after “subsection (2A)” insert “ or (2B) ”.
- (5) In paragraph 10(1) of that Schedule (credit for duty paid on ingredients of mixture), after “section 6” insert “ , 6AA, 6AB or 6A ”.
- (6) In section 20AAB (mixing of rebated oil: supplementary), in subsection (1)(a) for “or (2A)” substitute “ , (2A) or (2B) ”.
- (7) In section 22 (prohibition on use of petrol substitutes on which duty has not been paid), after subsection (1) insert—
- “(1AA) Where any person—
- (a) puts any biodiesel to a chargeable use (within the meaning of section 6AA above), and
 - (b) knows or has reasonable cause to believe that there is duty charged under section 6AA above on that biodiesel which has not been paid and is not lawfully deferred,
- his putting the biodiesel to that use shall attract a penalty under section 9 of the Finance Act 1994 (civil penalties), and any goods in respect of which any person contravenes this subsection shall be liable to forfeiture.”.
- (8) In section 22(1A) (section 10 of the Finance Act 1994 does not apply), after “subsection (1)” insert “ or (1AA) ”.

Interpretation

- 6 In section 27(1) (interpretation) at the appropriate places insert—
- ““bioblend” has the meaning given by section 6AB(2) above;”,
- and
- ““biodiesel” has the meaning given by section 2AA above;”.

PROSPECTIVE

Provision in relation to bioblend corresponding to that made by section 6 of the Finance Act 1998 in relation to section 6 of the Hydrocarbon Oil Duties Act 1979

- 7 (1) In section 6AB (which charges excise duty on bioblend and is inserted by section 5 of this Act), in subsection (1), omit the words from “and delivered” to the end.
- (2) For subsection (6) of that section substitute—
- “(6) Where—
- (a) imported bioblend is removed to relevant premises,
 - (b) the bioblend undergoes a production process at those premises or any other relevant premises, and
 - (c) any duty charged on the importation of the bioblend has not become payable at any time before the production time,

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the duty charged on importation shall not become payable at any time after the production time.

(7) In subsection (6) above—

“the production time” means the time at which the bioblend undergoes the production process; and

“relevant premises” means—

- (a) a refinery,
- (b) other premises used for the production of hydrocarbon oil, or
- (c) premises of such description as may be specified in regulations made by the Commissioners.

(8) For the purposes of subsection (6) above, bioblend undergoes a production process if—

- (a) hydrocarbon oil, or bioblend, of any description, or biodiesel, is obtained from it, or
- (b) it is subjected to any process of purification or blending.”.

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