



# Finance Act 1996

## 1996 CHAPTER 8

### PART I

#### EXCISE DUTIES

##### *Hydrocarbon oil duties*

#### **4 Rates of duty and rebate.**

(1) In section 6(1) of the <sup>M1</sup>Hydrocarbon Oil Duties Act 1979, for “£0.3614” (duty on light oil) and “£0.3132” (duty on heavy oil) there shall be substituted “ £0.3912 ” and “ £0.3430 ”, respectively.

(2) In section 8(3) of that Act (duty on road fuel gas), for “£0.3314” there shall be substituted “ £0.2817 ”.

(3) In section 11(1) of that Act (rebate on heavy oil), for “£0.0166” (fuel oil) and “£0.0214” (gas oil) there shall be substituted “ £0.0181 ” and “ £0.0233 ”, respectively.

<sup>F1</sup>(4) .....

<sup>F1</sup>(5) .....

(6) In section 14(1) of that Act (rebate on light oil for use as furnace fuel), for “£0.0166” there shall be substituted “ £0.0181 ”.

(7) Subsections (1) to (3) and (6) above shall be deemed to have come into force at 6 o’clock in the evening of 28th November 1995; and subsection (4) above shall come into force on 15th May 1996.

#### **Textual Amendments**

**F1** S. 4(4)(5) repealed (*retrospective* to 6pm on 7.3.2001) by 2001 c. 9, ss. 2(5), 110, **Sch. 33 Pt. 1(1)**

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#### Commencement Information

**II** S. 4 partly in force at 28.11.1995 see s. 4(7).

#### Marginal Citations

**M1** 1979 c. 5.

### 5 Misuse of rebated kerosene.

- (1) The <sup>M2</sup>Hydrocarbon Oil Duties Act 1979 shall be amended as mentioned in subsections (2) to (5) below.
- (2) In section 11(1) (rebate on heavy oil), for “and 13” there shall be substituted “ 13, 13AA and 13AB ”.
- (3) In section 12(2) (restriction on use of rebated heavy oil for road vehicles), after “allowed” there shall be inserted “ (whether under section 11(1) above or 13AA(1) below) ”.
- (4) After section 13 there shall be inserted the following sections—

#### “13AA Restrictions on use of rebated kerosene.

- (1) If, on the delivery of kerosene for home use, it is intended to use the kerosene as fuel for—
  - (a) an engine provided for propelling an excepted vehicle, or
  - (b) an engine which is used neither for propelling a vehicle nor for heating,
 a declaration shall be made to that effect and thereupon rebate shall be allowed at the rate for rebated gas oil which is then in force, instead of at the rate then in force under section 11(1)(c) above.
- (2) Subject to subsection (3) below, no kerosene on whose delivery for home use a rebate at the rate given by section 11(1)(c) above has been allowed shall—
  - (a) be used as fuel for an engine provided for propelling an excepted vehicle;
  - (b) be used as fuel for an engine which is used neither for propelling a vehicle nor for heating; or
  - (c) be taken into the fuel supply of an engine falling within paragraph (a) or (b) above.
- (3) Subsection (2) above does not apply to any quantity of kerosene in respect of which there has been paid to the Commissioners an amount equal to duty on the same quantity of gas oil at the rate for rebated gas oil which is in force at the time of the payment.
- (4) A payment under subsection (3) above shall be made in accordance with regulations made under section 24(1) below for the purposes of this section.
- (5) For the purposes of this section and section 13AB below—
 

“excepted vehicle” means a vehicle which is an excepted vehicle under any provision of Schedule 1 to this Act; and

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“kerosene” means heavy oil of which more than 50 per cent. by volume distils at a temperature of 240°C or less.

- (6) For the purposes of this section and section 13AB below the rate for rebated gas oil which is in force at any time is the rate of duty which at that time is in force under section 6(1) above in the case of heavy oil as reduced by the rate of rebate allowable at that time under section 11(1)(b) above.

### **13AB Penalties for misuse of kerosene.**

- (1) If a person uses kerosene in contravention of section 13AA(2) above—
- (a) the Commissioners may recover from him, in respect of the quantity of kerosene used, an amount equal to duty on the same quantity of gas oil at the rate for rebated gas oil which is in force at the time of the contravention;
  - (b) his use of the kerosene shall attract a penalty under section 9 of the <sup>M3</sup>Finance Act 1994 (civil penalties); and
  - (c) if he uses the kerosene with the relevant intent, he shall be guilty of an offence.
- (2) If a person is liable for kerosene being taken into a fuel supply of an engine in contravention of section 13AA(2) above—
- (a) the Commissioners may recover from him, in respect of the quantity of kerosene taken into the fuel supply, an amount equal to duty on the same quantity of gas oil at the rate for rebated gas oil which is in force at the time of the contravention;
  - (b) his becoming so liable shall attract a penalty under section 9 of the Finance Act 1994 (civil penalties); and
  - (c) if he has the relevant intent in relation to the kerosene being taken into the fuel supply, he shall be guilty of an offence.
- (3) For the purposes of subsection (2) above, a person is liable for kerosene being taken into a fuel supply of an engine if at the time—
- (a) he has the charge of the engine; or
  - (b) subject to subsection (4) below, he is the owner of the engine.
- (4) If a person other than the owner is for the time being entitled to possession of the engine, that other person and not the owner is liable.
- (5) If—
- (a) a person supplies kerosene having reason to believe that it will be put to a particular use, and
  - (b) that use is one which, if a payment is not made under subsection (3) of section 13AA above, will contravene subsection (2) of that section,
- his supplying the kerosene shall attract a penalty under section 9 of the <sup>M4</sup>Finance Act 1994 (civil penalties) and, if he makes the supply with the relevant intent, he shall be guilty of an offence.
- (6) In this section “the relevant intent” means the intent that the restrictions imposed by section 13AA(2) above shall be contravened.
- (7) A person guilty of an offence under this section shall be liable—

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- (a) on summary conviction, to a penalty of the statutory maximum, or to imprisonment for a term not exceeding 6 months, or to both;
  - (b) on conviction on indictment, to a penalty of any amount, or to a term of imprisonment not exceeding 7 years, or to both.
- (8) Any kerosene falling within subsection (9) or (10) below is liable for forfeiture.
- (9) Kerosene falls within this subsection if it is taken into a fuel supply in contravention of section 13AA(2) above.
- (10) Kerosene falls within this subsection if—
- (a) it has been supplied in circumstances in which there is reason to believe that it will be put to a particular use; and
  - (b) that use is one which, if payment is not made under subsection (3) of section 13AA above, will contravene subsection (2) of that section.”
- <sup>F2</sup>(5) .....
- (6) This section shall have effect in relation to cases where kerosene is—
- (a) used as fuel, or
  - (b) taken into a fuel supply,
- on or after such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

#### Textual Amendments

**F2** S. 5(5) omitted (retrospective to 1.4.2008) by virtue of [Finance Act 2008 \(c. 9\)](#), [Sch. 5 paras. 25\(b\)](#), [26\(b\)](#)

#### Marginal Citations

**M2** 1979 c. 5.

**M3** 1994 c. 9.

**M4** 1994 c. 9.

## 6 Mixing of rebated oil.

- (1) The <sup>M5</sup>Hydrocarbon Oil Duties Act 1979 shall be amended as mentioned in subsections (2) to (4) below.
- (2) In section 20 (contaminated or accidentally mixed oil), after subsection (3) there shall be inserted the following subsection—
- “(4) The power to make a payment to a person under subsection (2) above in relation to oils that have become accidentally mixed does not apply in relation to a mixture in respect of which he is liable to pay duty under section 20AAA below.”
- (3) After section 20A there shall be inserted the following sections—

### “20AAA Mixing of rebated oil.

- (1) Where—

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- (a) a mixture which is leaded or unleaded petrol is produced in contravention of Part I of Schedule 2A to this Act, and
  - (b) the mixture is not produced as a result of approved mixing,a duty of excise shall be charged on the mixture.
- (2) Where—
  - (a) a mixture of heavy oils is produced in contravention of Part II of Schedule 2A to this Act,
  - (b) the mixture is not produced as a result of approved mixing, and
  - (c) the mixture is supplied for use as fuel for a road vehicle or an excepted vehicle,a duty of excise shall be charged on the mixture.
- (3) The person liable to pay the duty charged under subsection (1) above is the person producing the mixture.
- (4) The person liable to pay the duty charged under subsection (2) above is the person supplying the mixture.
- (5) The Commissioners may exempt a person from liability to pay duty charged under this section in respect of the production or supply of a mixture if they are satisfied—
  - (a) that the mixture has been produced or (as the case may be) supplied accidentally; and
  - (b) that, having regard to all the circumstances, the person should be exempted from liability to pay the duty.
- (6) Part III of Schedule 2A to this Act makes provision with respect to rates and amounts of duty charged under this section.
- (7) In this section—
  - “approved mixing” has the meaning given by section 20A(5) above; and
  - “excepted vehicle” means a vehicle which is an excepted vehicle under any provision of Schedule 1 to this Act.

#### **20AAB Mixing of rebated oil: supplementary.**

- (1) A person who—
  - (a) produces a mixture on which duty is charged under section 20AAA(1) above, or
  - (b) supplies a mixture on which duty is charged under section 20AAA(2) above,must notify the Commissioners that he has done so within the period of seven days beginning with the date on which he produced or (as the case may be) supplied the mixture.
- (2) A person is not required to give a notification under subsection (1) above if, before he produced or (as the case may be) supplied the mixture, he notified the Commissioners that he proposed to do so.

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- (3) Notification under subsection (1) or (2) above must be given in such form and in such manner, and must contain such particulars, as the Commissioners may direct.
- (4) Subject to subsection (7) below, where it appears to the Commissioners—
- (a) that a person has produced or supplied a mixture on which duty is charged under section 20AAA above, and
  - (b) that he is the person liable to pay the duty,
- they may assess the amount of duty due from him to the best of their judgement and notify that amount to him or his representative.
- (5) An assessment under subsection (4) above shall be treated as if it were an assessment under section 12(1) of the <sup>M6</sup>Finance Act 1994.
- (6) The Commissioners may give a direction that a person who is, or expects to be, liable to pay duty charged under section 20AAA above—
- (a) shall account for duty charged under that section by reference to such periods (“accounting periods”) as may be determined by or under the direction;
  - (b) shall make, in relation to accounting periods, returns in such form and at such times and containing such particulars as may be so determined;
  - (c) shall pay duty charged under that section at such times and in such manner as may be so determined.
- (7) The power to make an assessment under subsection (4) above does not apply in relation to a person who is for the time being subject to a direction under subsection (6) above.
- (8) Where any person—
- (a) fails to give a notification which he is required to give under subsection (1) above, or
  - (b) fails to comply with a direction under subsection (6) above,
- his failure shall attract a penalty under section 9 of the <sup>M7</sup>Finance Act 1994 (civil penalties).”
- (4) After Schedule 2 there shall be inserted the Schedule set out in Schedule 1 to this Act.
- (5) This section and Schedule 1 to this Act shall have effect in relation to—
- (a) the production on or after the appointed day of a mixture which is leaded or unleaded petrol; and
  - (b) the supply on or after the appointed day of a mixture of heavy oils;
- and “the appointed day” here means such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

#### Subordinate Legislation Made

P1 [S. 6\(5\)](#) power exercised (28.10.1996) by [S.I. 1996/2751](#), [art. 2](#)

#### Marginal Citations

M5 [1979 c. 5](#).

M6 [1994 c. 9](#).

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M7 1994 c. 9.

## 7 Marked oil used as fuel for road vehicles.

- (1) After section 24 of the <sup>M8</sup>Hydrocarbon Oil Duties Act 1979 (control of use of duty free and rebated oil) there shall be inserted the following section—

### “24A Penalties for misuse of marked oil.

- (1) Marked oil shall not be used as fuel for a road vehicle.
  - (2) For the purposes of this section marked oil is any hydrocarbon oil in which a marker is present which is for the time being designated by regulations made by the Commissioners under subsection (3) below.
  - (3) The Commissioners may for the purposes of this section designate any marker which appears to them to be used for the purposes of the law of any place (whether within or outside the United Kingdom) for identifying hydrocarbon oil that is not to be used as fuel for road vehicles, or for road vehicles of a particular description.
  - (4) For the purposes of this section marked oil shall be taken to be used as fuel for a road vehicle if, but only if, it is used as fuel for the engine provided for propelling the vehicle or for an engine which draws its fuel from the same supply as that engine.
  - (5) Where a person uses any hydrocarbon oil in contravention of subsection (1) above, his use of the oil shall attract a penalty under section 9 of the Finance Act 1994 (civil penalties).
  - (6) If a person who uses any marked oil in contravention of subsection (1) above does so in the knowledge that the oil he is using is marked oil, he shall be guilty of an offence and liable—
    - (a) on summary conviction, to a penalty of the statutory maximum, or to imprisonment for a term not exceeding 6 months, or to both;
    - (b) on conviction on indictment, to a penalty of any amount, or to a term of imprisonment not exceeding 7 years, or to both.
  - (7) Any marked oil which is in a road vehicle as part of the fuel supply for the engine which propels the vehicle shall be liable to forfeiture.
  - (8) Where in any proceedings relating to this section a question arises as to the nature of any substance present at any time in any hydrocarbon oil—
    - (a) a certificate of the Commissioners to the effect that that substance is or was a marker designated for the purposes of this section shall be sufficient, unless the contrary is shown, for establishing that fact; and
    - (b) any document purporting to be such a certificate shall be taken to be one unless it is shown not to be.”
- (2) In section 24(1) of that Act (purposes for which regulations may be made), for “or section 19A above” there shall be inserted “, section 19A or section 24A of this Act”.

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**Marginal Citations**

**M8** [1979 c. 5.](#)

**8 Relief for marine voyages.**

- (1) The following provisions of the <sup>M9</sup>Hydrocarbon Oil Duties Act 1979 are hereby repealed—
- (a) section 18 (fuel for ships in home waters), and
  - (b) in subsection (1) of section 19 (fuel used in fishing boats, etc.), paragraph(a) and the words from “by the owner” to “be”.
- (2) This section shall come into force on such day as the Commissioners of Customs and Excise may by order made by statutory instrument appoint.

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**Subordinate Legislation Made**

**P2** [S. 8\(2\)](#) power fully exercised (4.10.1996): 1.11.1996 appointed by [S.I. 1996/2536](#), [art. 2](#)

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**Marginal Citations**

**M9** [1979 c. 5.](#)



**Status:**

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**Changes to legislation:**

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