
EXPLANATORY NOTE

(This note is not part of the Order)

This Order, which comes into force on 1st September 2006, adjusts the liabilities to excise duty (and, where applicable, the rights to rebate in respect of such duty) in respect of liquid fuels that are chargeable by virtue of the Hydrocarbon Oil Duties Act 1979 (c. 5) (“the Oil Act”). The adjustments made by this Order negate, temporarily, the effect of section 7 of the Finance Act 2006 (c. 25) (“the Finance Act”) in relation to those fuels. The adjustments are all in the form of a deduction from the amount payable (or an addition to the amount of rebate allowable) of a specified percentage not exceeding 10 per cent.

Adjustments to rebates are dealt with by article 4. Adjustments of liabilities to duty are dealt with by articles 3 and 5. For ease of reference and comprehension of effect, the figures in columns (B) and (D) of the Tables in this Order indicate the amounts payable (duty liability) or allowable (rebate) both before and after the adjustment is made.

Section 6 of the Finance Act amended the Oil Act so as to set the rates of duty and rebate applicable to fuels chargeable under the Oil Act. That section came into force on 19th July 2006. Section 7 of the Finance Act further amended the Oil Act so as to increase the effective rates of duty, with effect from 1st September 2006. The result of the adjustments made by this Order is that, while the rates of duty (and rebate) are as set by section 7 of the Finance Act, a person will be entitled to adjust the amount he is actually liable to pay (or allowed by way of rebate) by the amounts specified in this Order: he will be liable to pay the same amount as if section 7 of the Finance Act had not come into effect.

A full regulatory impact assessment has not been produced for this instrument, as it has no impact on the costs of business, charities or voluntary bodies.