
STATUTORY INSTRUMENTS

2006 No. 868

VALUE ADDED TAX

The Value Added Tax (Consideration for Fuel Provided for Private Use) Order 2006

Made - - - - 22nd March 2006
Laid before the House of Commons - - - - 22nd March 2006
Coming into force - - 1st May 2006

The Treasury make the following Order in exercise of the powers conferred by section 57(4) of the Value Added Tax Act 1994 (1):

1.—(1) This Order may be cited as the Value Added Tax (Consideration for Fuel Provided for Private Use) Order 2006 and comes into force on 1st May 2006.

(2) It takes effect in relation to a taxable person from the beginning of his first prescribed accounting period beginning after 30th April 2006.

2. For Table A in section 57 of the Value Added Tax Act 1994(2) substitute—

Table A

<i>Description of vehicle (Type of engine and cylinder capacity in cubic centimetres)</i>	<i>12 month period £</i>	<i>3 month period £</i>	<i>1 month period £</i>
Diesel engine			
2000 or less	1040	260	86
More than 2000	1325	331	110
Any other type of engine			
1400 or less	1095	273	91

(1) 1994 c. 23.

(2) Table A was last substituted by S.I.2005/722

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

<i>Description of vehicle (Type of engine and cylinder capacity in cubic centimetres)</i>	<i>12 month period £</i>	<i>3 month period £</i>	<i>1 month period £</i>
More than 1400 but not more than 2000	1385	346	115
More than 2000	2035	508	169

22nd March 2006

Tom Watson
Dave Watts
Two of the Lords Commissioners of Her Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Order)

VAT is payable if road fuel of a business is used for private motoring. The VAT due must be calculated using flat-rate values related to engine type and size **(3)**.

The Order increases those flat rates by an average of 10 per cent for diesel vehicles and 11 per cent for vehicles using other fuels. This reflects the increase in road fuel costs which has occurred since Table A in section 57 of the Value Added Tax Act 1994**(4)** was last amended **(5)**.

This Order gives effect to Article 2 of Council Decision [86/356/EEC](#)**(6)**(of 21 July 1986 authorising the United Kingdom to apply flat-rate measures in respect of the non-deductible value added tax charged on fuel expenditure in company cars) which requires the flat rates to be adjusted annually in line with changes in the average cost of fuel.

The new rates apply to any relevant accounting period starting after 30th April 2006**(7)**.

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

(3) Sections 56 and 57 of the Value Added Tax Act 1994.

(4) [1994 c. 23](#).

(5) Table A was last substituted by [S. I. 2005/722](#)

(6) O J No L212, 2.8.1986,p35.

(7) See articles 1(2) and 2 of the Order.