STATUTORY INSTRUMENTS

2013 No. 2911

VALUE ADDED TAX

The Value Added Tax (Flat-rate Valuation of Supplies of Fuel for Private Use) Order 2013

Approved by the House of Commons

Made - - - -	*18th November 2013*
Laid before the House of Commons	*18th November 2013*
Coming into force - -	*1st February 2014*

The Treasury make the following Order in exercise of the powers conferred by paragraph B1 of Schedule 6 to the Value Added Tax Act 1994(**a**).

Citation and commencement

1. This Order may be cited as the Value Added Tax (Flat-rate Valuation of Supplies of Fuel for Private Use) Order 2013 and comes into force on 1st February 2014.

Flat-rate basis of valuation of supplies of fuel for private use

2. The value of all supplies of road fuel made to any one individual in respect of any one car for a prescribed accounting period is to be determined in accordance with—

(a) the valuation table, and

(b) the notes to the valuation table.

3. The "valuation table" is—

(a) the updated valuation table having effect during the period, or

(b) if no table has been published under article 7, the table set out in Schedule 1 to this Order ("the base valuation table").

4. The "notes to the valuation table" are the notes set out in Schedule 2 to this Order.

(**a**) 1994 c. 23; paragraphs A1 and B1 were inserted by section 192 of, and Schedule 38 to, the Finance Act 2013 (c. 29).

Revalorisation of the flat-rate valuation of supplies

5. The Commissioners(**a**) must revalorise the amounts specified in the base valuation table in accordance with the method set out in Schedule 3 to this Order in such time that the first revalorisation takes place prior to 1st May 2014 and thereafter each revalorisation must be no more than twelve months after the previous revalorisation.

6. On each occasion that the Commissioners revalorise, a table (an "updated valuation table") containing the revalorised amounts is to take effect (and replace the existing valuation table) from the date the Commissioners specify ("the revalorisation start date").

7. The Commissioners must publish the updated valuation table before the revalorisation start date together with a statement specifying the revalorisation start date.

Mark Lancaster
David Evennett

18th November 2013 — Two of the Lords Commissioners of Her Majesty's Treasury

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(**a**) Section 96(1) of the Value Added Tax Act 1994 (c. 23) defines "the Commissioners" as the Commissioners of Customs and Excise. However, section 50(1) of the Commissioners for Revenue and Customs Act 2005 (c. 11) provides for the latter to be taken as a reference to the Commissioners for Her Majesty's Revenue and Customs.

SCHEDULE 1

Article 3

Base valuation table

Description of vehicle: vehicle's CO_2 emissions figure	VAT inclusive consideration for a 12 month prescribed accounting period £	VAT inclusive consideration for a 3 month prescribed accounting period £	VAT inclusive consideration for a 1 month prescribed accounting period £
120 or less	675.00	168.00	56.00
125	1,010.00	253.00	84.00
130	1,080.00	269.00	89.00
135	1,145.00	286.00	95.00
140	1,215.00	303.00	101.00
145	1,280.00	320.00	106.00
150	1,350.00	337.00	112.00
155	1,415.00	354.00	118.00
160	1,485.00	371.00	123.00
165	1,550.00	388.00	129.00
170	1,620.00	404.00	134.00
175	1,685.00	421.00	140.00
180	1,755.00	438.00	146.00
185	1,820.00	455.00	151.00
190	1,890.00	472.00	157.00
195	1,955.00	489.00	163.00
200	2,025.00	506.00	168.00
205	2,090.00	523.00	174.00
210	2,160.00	539.00	179.00
215	2,225.00	556.00	185.00
220	2,295.00	573.00	191.00
225 or more	2,360.00	590.00	196.00

SCHEDULE 2

Article 4

Notes to the valuation table

1. For a car of a description in the first column of the valuation table, the value on the flat-rate basis of all supplies of road fuel made to any one individual in respect of that car for a prescribed accounting period is the amount specified under whichever of the second, third or fourth columns corresponds with the length of the prescribed accounting period.

2. Where a CO_2 emissions figure is specified in relation to a car in a UK approval certificate or in a certificate of conformity issued by a manufacturer in another member state corresponding to a UK approval certificate ("corresponding certificate of conformity"), the car's CO_2 emissions figure for the purposes of the valuation table is determined as follows—

(a) if only one figure is specified in the certificate, that figure is the car's CO_2 emissions figure for those purposes;

(b) if more than one figure is specified in the certificate, the figure specified as the CO_2 (combined) emissions figure is the car's CO_2 emissions figure for those purposes;

(c) if separate CO_2 emissions figures are specified for different fuels, the lowest figure specified, or, in a case within sub-paragraph (b), the lowest CO_2 (combined) emissions figure specified is the car's CO_2 emissions figure for those purposes.

3. For the purpose of paragraph 2, if the car's CO_2 emissions figure is not a multiple of 5 it is rounded down to the nearest multiple of 5 for those purposes.

4. Where no UK approval certificate or corresponding certificate of conformity is issued in relation to a car, or where a certificate is issued but no emissions figure is specified in it, the car's CO_2 emissions figure for the purposes of the valuation table is—

(a) 140 if its cylinder capacity is 1,400 cubic centimetres or less,

(b) 175 if its cylinder capacity exceeds 1,400 cubic centimetres but does not exceed 2,000 cubic centimetres, and

(c) 220 or more if its cylinder capacity exceeds 2,000 cubic centimetres.

5. For the purpose of paragraph 4, the car's cylinder capacity is the capacity of its engine as calculated for the purposes of the Vehicle Excise and Registration Act 1994(**a**).

6. In any case where—

(a) in a prescribed accounting period, there are supplies of fuel for private use to an individual in respect of one car for a part of the period and in respect of another car for another part of the period, and

(b) at the end of that period one of those cars neither belongs to, nor is allocated to, the individual,

the flat-rate value of the supplies is determined as if the supplies made to the individual during those parts of the period were in respect of only one car.

7.—(1) Where paragraph 6 applies, the value of the supplies is to be determined as follows—

(a) if each of the 2 or more cars falls within the same description of car specified in the valuation table, the value specified in the valuation table for that description of car applies for the whole of the prescribed accounting period, and

(b) if one of those cars falls within a description of car specified in that table which is different from the others, the value of the supplies is the aggregate of the relevant

(**a**) 1994 c. 22; Schedule 1, Paragraph 1(2B), which was inserted by section 20(1) of the Finance Act 2002.

fractions of the consideration appropriate for each description of car in the valuation table.

(2) “The relevant fraction” in relation to any car is that which the part of the prescribed accounting period in which fuel was supplied for private use in respect of the car bears to the whole of that period.

8. “CO_2 emissions figure” means a CO_2 emissions figure expressed in grams per kilometre driven.

9. “UK approval certificate” means a certificate issued under—

(a) Section 58(1) or (4) of the Road Traffic Act 1988(**a**), or

(b) Article 31A(4) or (5) of the Road Traffic (Northern Ireland) Order 1981(**b**).

10. “Company car” means a car that is made available for private use (without any transfer of the property in it) by an employer to an employee, or member of an employee’s family or household, by reason of the employee’s employment for which fuel is provided for private use.

(**a**) 1988 c. 52.
(**b**) S.I. 1981/154 (N.I. 1); to which there are amendments not relevant to this Order.

SCHEDULE 3

Article 5

Method for revalorisation of amounts specified in the base valuation table

1. The amounts in the base valuation table are to be revalorised in accordance with the following steps—

2. *Step 1 – establishing the current fuel price*

In respect of each fuel (unleaded petrol and diesel) the current average retail price of a litre of fuel in the UK is to be ascertained from reliable data. The resulting figures ("the current fuel prices") are to be rounded down to the nearest whole penny.

3. *Step 2 – calculating the prospective excise duty differences*

If a change in the rate of excise duty liable to be charged on road fuel is due in the period beginning on the date that the Commissioners revalorise the amounts in the base valuation table and ending a calendar year after the next revalorisation start date the prospective increase or decrease in the amount of excise duty chargeable per litre of each of the fuels is to be calculated by—

(a) adding the amount of VAT that is applicable to the increased or decreased amount of excise duty chargeable and rounding down the resultant figures to the nearest whole penny,

(b) dividing the number of days of the calendar year beginning on the revalorisation start date in which the increase or decrease in excise duty is likely to apply by 365 (or 366 in a leap year) and expressing the result of that calculation as a percentage rounded down to two decimal places, and

(c) multiplying the increased or decreased amount calculated in accordance with sub-paragraph (a) in respect of each of the fuels by the percentage calculated in accordance with sub-paragraph (b), each resultant figure is to be rounded down to the nearest whole penny.

If the valuation table is intended to have effect for less than a full calendar year the periods specified in sub-paragraph (b) above must be amended accordingly.

4. *Step 3 – calculating the duty inclusive fuel price*

For each fuel, the prospective excise duty difference calculated in accordance with step 2 is to be added to, or deducted from, the current fuel price. The resultant figure is the "duty inclusive fuel price".

5. *Step 4 – calculating the percentage price difference*

The percentage price difference for each of the fuels is to be calculated using the following formula—

$$\frac{A}{B} x \frac{100}{1}$$

where "*A*" represents the duty inclusive fuel price for each fuel and "*B*" represents the average retail price per litre as at 11th March 2013 of that fuel. The average retail price of diesel and unleaded petrol (rounded down to the nearest whole penny) as at 11th March 2013 was £1.47 and £1.40 per litre respectively. The resulting percentages are to be rounded down to two decimal places.

6. *Step 5 – calculating the weighted percentage price difference*

If the percentage price difference for each fuel is not the same, the average is to be calculated by weighting according to the relative number of petrol and diesel company cars in the UK (ascertained from reliable data) by using the following formula—

$$\left(Cx\frac{E}{E+F}\right)+\left(Dx\frac{F}{E+F}\right)$$

where "*C*" and *"D"* represent the percentage price differences for petrol and diesel respectively and "*E*" and *"F"* are the numbers of petrol and diesel company cars respectively. The resulting percentage is to be rounded down to two decimal places.

7. *Step 6 – calculating the increase or decrease in the amounts in the table*

Each amount specified in the base valuation table is to be amended by multiplying that amount by the weighted percentage price difference rounded down to the nearest whole pound.

EXPLANATORY NOTE

(This note is not part of the Order)

Value Added Tax ("VAT") is payable if road fuel acquired by a business is used for private motoring. Council Decision 659/2006/EC of 25th September 2006 (O.J. No. L 272. 3.10.2006, p.15) authorises the United Kingdom to fix, on a flat-rate basis, the proportion of VAT that relates to expenditure on fuel incurred by a business which is used for private purposes. That proportion is required to be expressed in fixed amounts and is to be established on the basis of the CO_2 emissions level of the type of vehicle to reflect fuel consumption. The amounts must be adjusted annually to reflect changes in the average cost of fuel.

Paragraph A1 of Schedule 6 to the Value Added Tax Act 1994 provides that, where fuel is provided for (or appropriated to) private use, a taxpayer may opt to value all such supplies on a flat-rate basis. Paragraph B1 of that Schedule provides that the Treasury must, by order, make provision for the flat-rate valuation of those supplies. This Order makes that provision.

Article 2 provides that the flat-rate basis for the valuation of supplies of road fuel for private use must be determined in accordance with the valuation table and the notes to that valuation table.

Article 3 defines what is meant by "valuation table" and introduces the base valuation table which is set out in Schedule 1.

Article 4 defines the notes to the valuation table as the notes set out in Schedule 2.

Article 5 provides that the Commissioners are required to revalorise the amounts of the flat-rate charge, must do so in accordance with the method set out in Schedule 3, provides a time limit in which the first revalorisation must be carried out and that they must revalorise at least once in each twelve month period.

Article 6 provides that each time the amounts of the flat-rate charge are revalorised an updated valuation table is to take effect from a date specified by the Commissioners.

Article 7 requires the Commissioners to publish the updated valuation table and to publish a statement specifying the date from which that table is to take effect.

A Tax Information and Impact Note covering this instrument will be published on the HMRC website at http://www.hmrc.gov.uk/thelibrary/tiins.htm.

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