

Foreword

This notice cancels and replaces Notice 179E (October 2002). It also cancels and replaces Notice 179F (May 2002). Details of any changes to the previous version can be found in paragraph 1.1 of this notice.

Part of paragraph 3.5 of this notice which refers to record keeping requirements has the force of law under the Revenue and Traders (Accounts and Records) Regulation 1992. These paragraphs are indicated by being placed in a box.

EXAMPLE:

The following rule has the force of law
If you receive a net payment you must include the full value before such deductions (and including VAT) in your scheme turnover. This will usually be the value shown on your sales invoice.

Further help and advice

If you need general advice or more copies of HM Revenue & Customs notices, please ring the **National Advice Service** on **0845 010 9000**. You can call between **8.00 am and 8.00 pm, Monday to Friday**.

If you have **hearing difficulties**, please ring the **Textphone** service on **0845 000 0200**.

If you would like to speak to someone in **Welsh**, please ring **0845 010 0300**, between **8.00 am and 6.00 pm, Monday to Friday**.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

1. Introduction

1.1 What is this notice about?

This Notice replaces the October 2002 version of this Notice as well as Public Notice 179F: Fuel Substitutes, which has now been withdrawn. It gives details of the various biofuels and their excise duty rates. It also explains the roles and responsibilities of producers of these products.

1.2 What's changed?

The Notice has been re-written following the introduction of the Energy Products Directive (Council Directive 2003/96/EC) into UK legislation. It now combines two old Notices, 179E and 179F.

You can access details of any changes to this Notice since October 2005 either on our Internet site at www.hmrc.gov.uk or by telephoning our National Advice Service on 0845 010 9000.

This notice and others mentioned are available both on paper and on our website.

1.3 Who should read this notice?

You should read this notice if you:

- manufacture Biofuels; or
- blend Biodiesel or Bioethanol with other oils;
- manufacture other fuel substitutes and fuel additives.

1.4 Other Notices you may find useful

Notice	Description
179	Mineral (Hydrocarbon) Oils: Duty and VAT: Warehousing and related procedures
203	Registered Excise Dealers and Shippers
206	Revenue Traders Records
208	Excise Assessments
209	Civil Penalties
989	Visits by Customs and Excise Officers (this is liable to change to refer to HM Revenue & Customs)
990	Excise and Customs Appeals (this is liable to change to refer to HM Revenue & Customs)

1.5 What law covers this notice?

Legislation	Description
Primary	Customs and Excise Management Act 1979 (CEMA) The Hydrocarbon Oils Duties Act 1979 (HODA)
Secondary	The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc.) Regulations 2004 (SI 2004/2065) The Other Fuel Substitutes (Rates of Excise Duty etc) Order 1995 (SI

	1995/2716) The Excise Warehousing (Energy Products) Regulations 2004 (SI 2004/2064) The Warehousekeepers and Owners of Warehoused Goods Regulations 1999 (SI 1999/1278) ('WOWGR') The Revenue Traders (Accounts and Records) Regulations 1992 (SI 1992/3150) ('RTR') The Hydrocarbon Oil Regulations 1973 (SI 1973/1311) ('HOR')
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Changes to excise duty rates are normally contained in the annual Finance Act and are published in Budget Notices. The VAT law is the Value Added Tax Act 1994 and orders and regulations made under that Act.

This Notice explains how we interpret the law and is not a substitute for the law. However, parts of this Notice have the force of law. These are identified at the relevant places in the Notice. Where appropriate we will quote the law and we will use the titles and abbreviations used above.

1.6 Health and Safety

You must comply with all the legal provisions relating to health and safety such as the Health and Safety at Work Act 1974. These provisions may include the need to display warning notices, and to issue health and safety instructions, to both staff and visitors.

If you issue special equipment or protective clothing to your staff when they are undertaking activities such as handling, inspecting or sampling biodiesel then you must provide similar clothing and equipment to us when we undertake the same activities.

1.7 Health & Safety Executive (HSE) – domestic production of biodiesel

The Health & Safety Executive has published advice on the hazards of producing biodiesel at home. The main points are as follows:

Biodiesel is produced commercially and can be bought from some petrol stations. However there are 'recipes' available on the internet for the domestic production of biodiesel. These usually involve mixing methanol with sodium hydroxide (also known as caustic soda or lye), and pouring the resulting mixture into vegetable oil.

Such home production raises serious health and safety concerns, as it involves hazardous chemicals and the risk of fire and explosion.

Making biodiesel is a potentially hazardous process that should only be carried out in controlled conditions by people with the proper training and experience.

At the very least a poorly made product could seriously damage a vehicle engine.

Further information can be obtained from the HSE website:

www.hse.gov.uk

or by ringing the HSE Infoline:

0845 345 0055

2. Biofuel Producers' Obligations

2.1 What do you mean by Biodiesel, Bioblend, Bioethanol and Bioethanol blend?

The law describes 'Biodiesel' as a diesel quality liquid fuel that is produced from biomass or waste cooking oil:

- the ester content of which is not less than 96.5% by weight; and
- the sulphur content of which does not exceed 0.005% by weight, or is nil.

'Bioblend' means any mixture that is produced by mixing:

- Biodiesel; and
- heavy oil that has not been charged with the excise duty on hydrocarbon oil.

'Bioethanol' means a liquid fuel:

- consisting of ethanol produced from biomass; and
- capable of being used for the same purposes as light oil.

'Bioethanol blend' means any mixture that is produced by mixing:

- bioethanol; and
- hydrocarbon oil not charged with excise duty.

2.2 Other fuel substitutes

Any liquid that is not hydrocarbon oil, biodiesel, bioblend, bioethanol or bioethanol blend but is used in place of mineral oil to fuel any engine, motor or other machinery is classed as a fuel substitute. Please see section 3.1.1 for further details. This includes:

- any liquid used as a fuel in place of mineral oil;
- any liquid which is used as an additive or extender to a mineral oil; or
- any liquid which is used as an additive or extender in a fuel substitute.

However, water is not considered to be a fuel substitute when used in a diesel emulsion when the emulsion is stabilised with additives. Duty is charged only on the non-water part of the fuel.

2.3 Fuel Additives

Products such as fuel system cleaners, injector cleaners, fuel conditioners and biocides are considered to be fuel additives and are liable to excise duty. Any product that is added into the fuel supply of vehicles either via the filler cap or via various parts of the fuel system, for example the carburettor, is treated as a fuel additive.

The position can be summarised as follows:

Any product added to motor fuel which is not hydrocarbon oil, as defined in Section 1(2) of the Hydrocarbon Oil Duties Act 1979 (HODA), biodiesel, bioethanol, bioblend or bioethanol blend is considered by the Commissioners to be for use as an additive in that motor fuel and will be subject to excise duty under Section 6A of HODA.

The duty rate is determined by what sort of engine the product is designed to be used in. So: products designed for use in a diesel engine shall attract the sulphur-free diesel rate; products designed for an unleaded petrol engine shall attract the sulphur-free petrol rate; and products designed for use in leaded petrol engines shall attract the light oil rate. Products designed to be multi-purpose (i.e. for use in any kind of petrol engine) attract the sulphur-free petrol rate.

Any product that is 100 per cent hydrocarbon oil and is used solely for lubrication is exempt from excise duty.

2.4 What are my obligations?

If you are producing Biofuels or using such products on which duty has not already been paid, you will need to contact us so that we can make arrangements for you to account for the excise duty due on any products set aside, or delivered for use, as a motor fuel.

You will need to do the following:

No.	Action
1.	'Make Entry' of your premises

2.	Keep records relating to the production and trade in Biofuels
3.	Issue detailed delivery notes for each supply of Biofuels
4.	Complete and send returns to HM Revenue & Customs
5.	Pay the Excise Duty

2.5 'Making Entry'

When you contact our National Advice Service we will send you:

An 'Excise Entry' Form EX 103 (sole trader or partnership) or EX103A (incorporated company) and a copy of this Notice if you do not already have one. You should complete the Excise Entry Form and return it to the Mineral Oil Reliefs Centre at the address shown in Section 5 of this Notice.

At this stage, we may visit you to examine the suitability of your premises.

2.6 Producing Fuel Substitutes on your entered premises

If you have previously made entry as a biofuel producer, you must make separate entry should you start to produce other fuel substitutes. The same is true if you have already made entry as a fuel substitutes producer and you start to produce Biodiesel and/or Bioethanol. You must make separate entry as a biofuels producer.

2.7 Are there any other obligations?

The transport, storage, use and the treatment processes associated with producing biodiesel from tallow (melted and clarified animal fat) and waste vegetable oil (and in some circumstances from virgin non-waste vegetable oils) can be subject to various controls regulated by the Environment Agency. These controls may include a requirement for a Pollution Prevention and Control (PPC) Permit or a Waste Management Licence (WML).

Generally, the production of biodiesel by individuals such as householders and farmers for their own use, i.e. for non-commercial purposes, would not be subject to the PPC Regulations. Where a PPC permit is not required and where biodiesel production involves the treatment of waste the requirement for waste management controls will still be relevant.

In light of European case law the Environment Agency is obliged to consider that waste derived biodiesel has not ceased to be waste until it has been burnt in an engine for energy recovery. However the Environment Agency has set out a position that it does not consider that requiring environmental authorisations for the storage, supply and use of waste derived biodiesel for use as a motor fuel is in the public interest.

The use of waste derived biodiesel to support combustion in industrial plant such as a boiler will be subject to controls under the Waste Incineration Directive and regulated through PPC by Local Authorities or Environment Agency.

Failure to secure the appropriate authorisation from the Agency may lead to enforcement action. Further details on which controls apply can be obtained by contacting your local Environment Agency office telephone: 08708 506 506.

3. Biodiesel, Bioethanol and their blends

3.1 What rates of duty apply to biofuels?

At the time of publishing, Biodiesel and Bioethanol have an excise duty rate of 20 pence per litre less than the sulphur-free diesel/sulphur-free petrol rates. However in order to qualify for these lower rates these products must be shown to fully meet the relevant fiscal definitions as described in Section 2.1 of this Notice.

The responsibility for this rests with the producer who must carry out sufficient tests to show that the specifications are met. We may also carry out sample tests as part of our audit programme.

If the product does not meet the appropriate definition it will be considered a fuel substitute and will attract a higher rate of duty. See sub-paragraph 3.1.1 for more information.

For example, in order to be Biodiesel, a product must meet all of the following criteria:

- It must be of 'Diesel quality' – see paragraph 3.3 below; and
- It must be a liquid – not gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars; and
- It must be made from biomass or waste cooking oil;
- The total ester content must not be less than 96.5% by weight; and
- The sulphur content must not exceed 0.005% by weight or be nil.

3.1.1 Duty rates for fuel substitutes

Fuel substitutes pay the rate of duty applicable to the type of engine they are designed for use in. For example, a product designed for use in a diesel engine will attract the sulphur-free diesel rate. With fuel substitutes, the duty rate is applied to the whole non-hydrocarbon oil content of the liquid. So, if a duty paid fuel substitute is added to another fuel substitute which is not duty paid, duty is due under Section 6A of HODA on that part of the mixture that has not already been charged with duty under that section.

3.2 What is Biomass?

'Biomass' is described in HODA as meaning the biodegradable fraction of products, wastes and residues from agriculture, forestry and related activities as well as the biodegradable fractions of industrial and municipal waste.

This does not include mineral oils.

3.2.1 Any organic matter that is available on a renewable or recurring basis qualifies as biomass. For example:

- Dedicated energy crops and trees;
- Agricultural food and feed crop residues;
- Waste vegetable and animal substances;
- Wood, wood wastes and residues;
- Aquatic plants;
- Grasses;
- Residues;
- Fibres;
- Animal wastes;
- Municipal wastes and other materials.

3.3 What does 'diesel quality' mean?

The law (HODA s.2AA (2)(a)) says 'diesel quality' means capable of being used for the same purposes as heavy oil.

Revenue & Customs consider that 'diesel quality' means that biodiesel will run, in a blend with ordinary diesel, an engine that would normally run on diesel. Biodiesel does not have to be used exclusively in the fuel tank, although this is possible.

Most vehicles require a blend of biodiesel (approx. 5%) and ordinary diesel (approx 95%) to meet manufacturers' specifications.

3.4 Dual fuel tanks

Some vehicles have dual tanks, one containing diesel and the other a biofuel product. The engine is started using diesel, before switching to the biofuel. In these circumstances, the product in the biofuel tank must still meet all the conditions of the biodiesel fiscal definition. If it does not meet all these conditions then the fuel in the second tank will be considered to be a fuel substitute and duty will be due at the appropriate rate – (see paragraph 3.1.1).

3.5 Can I use Straight Vegetable Oil (SVO) or Used Cooking Oil (UCO) to produce Biodiesel?

Yes. However, the fuel that is produced from SVO and UCO must meet all the conditions of the fiscal specification before qualifying for the lower rate of duty.

If Revenue & Customs suspect, either through lack of supporting evidence, or due to other information, that the product does not meet the specification, they may take representative samples for testing (see regulations 10 and 11 of Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004).

Producers can provide evidence by having an independent test, which addresses all aspects of the specification. In the case of smaller producers who are not supplying the product commercially, evidence can be given by providing a full description of the recipe and method used to manufacture the product and evidence that this is the recipe and method consistently used.

Important Note: The following paragraph has the force of law.

Under the powers given by Regulation 6 of the Revenue and Traders (Accounts and Records) Regulations 1992 Revenue & Customs require that details of recipes used to produce biodiesel are kept and preserved for six years. This requirement also applies to supporting documents showing that the recipe is followed for each batch produced and to the preservation of any test results linked to particular batches.

The recipe should confirm that the biofuel has been made using ingredients that will result in a fuel that meets the biodiesel specification. In simple terms this excludes the use of ingredients such as white spirit or other hydrocarbons such as kerosene in the production process.

There are restrictions on the use of tied oils, which are detailed in Section 10 of HODA. White spirit that has been relieved of duty as a 'tied oil' should not be used as a road fuel or an ingredient in road fuel. If this is added to SVO or used in biodiesel production the whole batch would be rendered liable to duty at the sulphur-free diesel rate

Any product that does not meet the Biodiesel specification will be considered a fuel substitute and will attract the appropriate duty rate.

In cases of doubt or difficulty you should contact our National Advice Service for further advice.

3.6 Bioethanol

A new rate of duty on bioethanol used as road fuel was introduced with effect from 1 January 2005. Bioethanol is a liquid fuel consisting of ethanol produced from biomass that is capable of being used for the same purposes as light oil. The duty rate of bioethanol is 20 pence per litre below the rate applicable to sulphur-free petrol. Further information is given in Budget Notice 27/04. At the time of publishing, sulphur free and ultra low sulphur petrol have the same rate of duty.

Revenue & Customs have approved a formulation of denatured alcohol for use in the manufacture of bioethanol intended for blending with gasoline for use as a road fuel. The formulation is based on the addition of methanol and denatonium benzoate to the ethanol.

3.6.1 The approved formulation

With every 990 parts by volume of alcohol (of a strength not less than 85 per cent. alcohol by volume) mix 10 parts by volume of methanol (of standard BS506), and to the resulting mixture add denatonium benzoate in the proportion of 10 micrograms per millilitre. The approved use is for blending with gasoline to be used as a road fuel.

Denatonium benzoate is a proven denaturant and the level of addition of methanol (which acts as a chemical marker) falls well within the agreed standard for BS EN228.

Further information about obtaining approval as an alcohol denaturer is available in Public Notice 473.

3.7 ETBE – Ethyl Tertiary Butyl Ether

ETBE is produced by mixing ethanol and isobutylene and reacting them with heat over a catalyst. ETBE can then be blended with petrol or burnt in an engine for use as a road fuel. From 1st January 2005, the blend of ETBE and petrol should be treated as bioethanol blend under Section 6AE of the Hydrocarbon Oil Duties Act 1979 (HODA) upon its importation or release from the tax warehouse, and charged to duty at a composite rate in accordance with that section.

However, it is important to note that under the new legislation only ETBE made with bioethanol produced from biomass (Bio-ETBE) will benefit from the new lower rate. ETBE produced with bioethanol made from synthetic ethanol is not eligible and will continue to be treated as a fuel substitute or extender and will therefore still be liable for duty at the rate for sulphur-free petrol.

ETBE/petrol blends will not require a further denaturing process but, like bioblend, ETBE/petrol blends must be produced in a tax warehouse. Following production of ETBE/petrol blends the ethanol used in the manufacture will no longer be considered an alcohol for spirits duty purposes and will instead be treated as a motor and heating fuel.

Customs will apply a composite rate of duty to bio-ETBE/petrol blends by reference to the components used in its production. If, therefore, bio-ETBE/petrol blends were produced from 47% bioethanol and 53% hydrocarbons, the former part of the mix will be proportionately liable for duty at the bioethanol rate whilst the latter part would be liable at the ULSP rate.

3.8 Movements of biofuels

Biodiesel and Bioethanol that are to be used in the production of another product, such as Bioblend, can be designated as 'process oils' - see Public Notice 179. Warehousekeepers and producers may deliver process oils without payment of excise duty provided they move between tax warehouses.

Bioethanol can be moved without payment of duty provided it originates from a tax warehouse and the purpose of the movement is to allow blending with light oil in a tax warehouse.

The Excise Warehousing (Energy Products) Regulations 2004 provide for 'special energy products' such as biodiesel to be stored and moved without payment of excise duty. Such movements are subject to the usual conditions e.g. accompanying documents.

3.9 Biofuels & electricity

Part 7 of The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004 allows relief from duty on biofuels used for electricity generation.

This relief applies to all biofuels; it is not restricted solely to those that meet the Biodiesel/Bioethanol specification.

3.9.1 How to claim relief

If you are approved for deferment, you should set-off the relief against your normal excise duty liability in Section 2.b. of Form HO10.

If you are not approved for deferment then you should set-off the relief against your normal excise duty liability on Form HO930.

In any other case, you will need to make a claim, in writing, to the Mineral Oil Reliefs Centre at the address shown in Section 5 of this Notice.

In all cases, we may ask you to provide evidence to substantiate your claim. These may be in the form of purchase orders, delivery notes and sales invoices, to show that the biofuel in question has been used as fuel to generate electricity. You may also need to provide evidence that the biofuels were duty-paid and are not the subject of any other application or claim for repayment, remission or drawback.

Again, any cases of difficulty should be referred to our National Advice Service for clarification.

4. Accounting for excise duty

4.1 When is excise duty chargeable?

Excise duty is due on the setting aside (see paragraph 4.2 below) or use of biofuels for a 'chargeable use'. 'Chargeable use' means the use of that substance:

- (a) as a fuel for any engine, motor or other machinery, or
- (b) as an additive or extender in any substance used as fuel for any motor, engine or other machinery
- (c) for the production of bioblend or bioethanol-blend

Excise duty is not chargeable if you set it aside or use Biofuel:

- as a heating fuel;
- for any other non-motor fuel use.

However, see paragraph 5.2 regarding the mixing of Biodiesel and Bioblend with rebated heavy oil.

4.2 When is excise duty payable on biofuels?

The excise duty point for biofuels is the time when they are either:

- sent out from entered premises;
- set aside; or
- used as a motor fuel.

'Set aside' means the point at which it is decided that the product is going to be used, either by yourself or sold to other users, as a motor fuel. This decision means that the fuel has been 'set aside' for a chargeable use.

4.3 What if I import special energy products and bioethanol ?

If special energy products and bioethanol intended for the production of bioethanol blend are delivered direct to an excise warehouse, then duty may be suspended until the product leaves the warehouse. The duty point will be the point at which the product is released to home use.

Normally, products travelling from the EU under duty-suspension must be accompanied by the appropriate accompanying documentation. If you are in doubt as to whether your product requires accompanying documentation, you should check with our National Advice Service.

Bioethanol can only be imported into an excise warehouse if it is intended for blending to make Bioethanol blend.

To obtain the lower duty rates for Biodiesel, Bioethanol or their respective blends the imported product must meet the UK fiscal specifications detailed in paragraph 2.1 above.

4.4 How do I account for excise duty due on biofuels?

If you are not approved for deferment, after you have made entry you will be sent Form HO930 each month. This form must be completed by:

- filling in the appropriate line on the return, which is left blank for this purpose; and
- putting the figure 589 for biodiesel, or 595 for bioethanol after the figure 33 in the second column headed 'Tax Type'
- for other fuel substitutes you should fill in the appropriate line according to the engine type that your product will be used in.

You should also state:

- 'Biodiesel' or 'Bioethanol' in the third column, show the total volume, in litres, set aside or delivered as road fuel in that accounting period in column 4; and calculate the amount of duty due by multiplying the volume by the rate of excise duty in force during the accounting period.

If you do not use or set aside any biofuels in any given month you should still send in the HO930 showing a NIL liability. You should send the completed form together with payment for the duty due to:

The Accountant and Comptroller General
HM Revenue & Customs
10 SE
Alexander House
21 Victoria Avenue
SOUTHEND ON SEA
Essex SS99 1AA

Your accounting period will be the calendar month and payment must be made (and the return furnished) by the 15th of the following month. So, if you are accounting for your liability for April, we must receive the return and payment by 15 May.

If there is a change of duty rate during the accounting period (for example, if there is a Budget) then you must show the volumes set aside or delivered at the two different duty rates. There are blank lines at the bottom of the form to accommodate this.

If you are approved for deferment then you will need to complete Form HO10. Further details are given in Section 4.7 below.

4.5 How do I account for the excise duty due on Bioblend and Bioethanol blend?

If you wish to blend Biodiesel or Bioethanol with duty suspended oil to produce Bioblend or Bioethanol blend, you can do so in an excise warehouse. Duty payment may be deferred provided the products are placed in the same excise warehouse as the oils they are being blended with.

You need to obtain a Duty Deferment Account in order to do this. See Notice 179 for more information.

The excise duty due on these blends must be pro-rated between the two grades on your HO10 and be shown against the appropriate tax types. For example, in the case of bioblend, you must account for duty under tax type 589 for the biodiesel portion and 545 for the ULSD portion.

If you use any other type of heavy oil to make bioblend, you need to show that portion of the blend under the appropriate tax type.

You must be able to support the apportionment from your production and blending records. The proportions are to be shown in your records to 'the nearest 0.001%.'

4.6 Can I send my HO930 or HO10 Form electronically?

Not at present. Currently your returns have to be completed manually. However, we do have a commitment to move towards electronic submission of returns and will advise you when this facility is available.

4.7 Can I defer my excise liability?

Subject to the deferment conditions contained in Notice 179, producers of fuel substitutes, Biodiesel, Bioethanol and their blends may defer their excise duty. You will need to obtain a deferment account and make your payment via BACS or CHAPS in order to do this.

If you account for your liabilities in this way, you will need to submit a duty account on a Form HO10, rather than a HO930.

The standard accounting period currently runs from midnight on the 15th of the month to midnight on the 14th of the following month.

You will also need to provide a guarantee if you are going to defer your excise duty liability. At the time of publishing, this guarantee must be sufficient to cover one month's maximum excise duty liability, or £9.5 million whichever is the lower. Details of how to obtain a deferment account and the excise duty accounting procedures are given in Notice 179 Mineral (Hydrocarbon) Oils: Duty and VAT: Warehousing and Related Procedures.

4.8 How do I measure the volume of my product?

The law requires excise duty to be charged on litres measured at a standard temperature of 15°C, known as 'standard litres'. You are expected, wherever practicable, to account for excise duty using standard litres. However, in some circumstances it may be impractical or unreasonable to do so, therefore de minimis limits may apply to certain transactions. Please see Notice 179 for more details. However, this is not an automatic entitlement and you will need to contact your Local Business Centre (LBC) for agreement to apply these limits. You can contact your LBC via our National Advice Service on 0845 010 9000.

4.9 What records must I keep?

As a revenue trader you must maintain records relating to your business affairs. These will be your normal business, management and accounting records.

Additionally, The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004 require producers to keep and maintain a Motor Fuels Record. The record keeping requirements differ depending on whether you are supplying biofuels to others, or using those that you produce yourself. The following table illustrates the requirements.

Supply	Own Use
Before the product leaves the producer's premises, record -	No later than the chargeable use occurs, record -
<ul style="list-style-type: none">• the date of each supply	<ul style="list-style-type: none">• the date of each chargeable use

<ul style="list-style-type: none"> • a description of each supply 	<ul style="list-style-type: none"> • a description of the liquid being used
<ul style="list-style-type: none"> • in the case of a fuel substitute, a description of the type of engine that it is suitable for use in 	<ul style="list-style-type: none"> • in the case of a fuel substitute, a description of the type of engine that it is suitable for use in
<ul style="list-style-type: none"> • the amount, in standard litres, of each supply set aside and sent out for a chargeable use 	<ul style="list-style-type: none"> • the amount, in standard litres, of biofuels put to a chargeable use
<ul style="list-style-type: none"> • the name and address of each person you make a supply to 	<ul style="list-style-type: none"> • the date on which the entry is made in the motor fuels record
<ul style="list-style-type: none"> • the address to which the supply is sent 	<ul style="list-style-type: none"> • the amount and rate of duty due on each chargeable use
<ul style="list-style-type: none"> • the number of the delivery note for each supply made 	
<ul style="list-style-type: none"> • the date on which the entry is made in the motor fuels record 	
<ul style="list-style-type: none"> • the amount and rate of duty charged on each supply 	

Please see the Important Note contained in Section 3.5 of this Notice. Notice 206 Revenue Traders Records contains more information about records.

4.10 How long must I keep my records?

You must keep your records for 6 years. If this will cause you problems you should contact our National Advice Service who can advise you about asking for permission to keep your records for a shorter period.

4.11 Do I have to keep paper records?

You can keep your records on microfilm or microfiche, provided that the records are legible and you provide the necessary facilities to read the records. You can also keep your records on a computer. Notice 206 Revenue Traders Records has more information.

4.12 What do I have to show on my delivery notes?

Your delivery notes must show:

- the date on which the consignment was sent out;
- a description of the consignment of fuel e.g. biodiesel;
- in the case of other fuel substitutes, what type of engine the fuel is suitable for use in, see section 2.2 for further details,
- the quantity, in standard litres, of fuel sent out, see section 4.8 for further details,

- the name and address of the consignee;
- the address where the fuel was sent to; and
- the address from where the consignment was sent.

4.13 Can I place special energy products and/or Bioethanol in a warehouse under duty suspension?

Yes. These products can be held under duty-suspension in an excise warehouse. However, Bioethanol can be placed under duty-suspension only for blending with duty suspended oil. See paragraph 4.3 of this notice.

4.14 What happens if I stop producing Biofuels?

If you cease to produce any of the fuels mentioned in this Notice please contact us. We can then arrange to cancel any entries of premises, approvals and duty deferment accounts that you may have.

We will also advise you about how you may account for any additional duty that may be outstanding.

5. Biodiesel for non-road use

5.1 Will I be required to mark Biodiesel?

No. The current fiscal markers are designed to work in mineral (hydrocarbon) oils and are not efficient markers in Biodiesel or Bioblend. At the time of publishing this is under review.

5.2 Can I mix Biodiesel or Bioblend with rebated heavy oils?

Section 20AAA(3) of HODA says that if you mix Biodiesel or Bioblend with rebated heavy oil (Gas Oil ('Red Diesel') or Kerosene) then you must notify us either in advance or within 7 days of production. Duty will be due on the mixture at the full heavy oil rate.

5.3 What happens if I use Biodiesel in place of Red Diesel?

Biodiesel used for off-road purposes is entitled to a repayment of some of the duty paid. However, you will have to use duty-paid Biodiesel. The rate of the repayment is available via our Internet site or National Advice Service.

You will need to show us that the Biodiesel was fully duty paid and that it had not been used as a road fuel.

If you make a claim it must be for:

- at least 2 months but not exceed 3 years; and
- be for £50.00 or more.

Additionally, claims must be made within three months of the end of the period to which they relate.

For further information on how to make a claim you should contact our National Advice Service. You should send your claim along with supporting evidence to:

HM Revenue & Customs
Mineral Oil Reliefs Centre
Dobson House
Regent Centre
Newcastle
NE3 3PF

We may visit you in order to verify your claim.

This scheme **does not** apply to users of Bioblend, Bioethanol or Bioethanol blend.

5.4 Biodiesel used as heating fuel

The use of Biodiesel on its own as a heating fuel is not a chargeable use and therefore no duty is due. Although there is provision in law for this fuel to be supplied without a duty charge being applied, the reclaim scheme as described in paragraph 5.3 above can also be used to reclaim any duty that is charged by suppliers.

This system has been put in place because it is recognised that it can be difficult for householders to obtain Biodiesel for non-road use that has not already been charged with excise duty. This will be an administrative decision for the supplier, who may not supply sufficient quantities of domestic heating Biodiesel to differentiate between road and non-road customers.

6. Dealing with HM Revenue & Customs.

6.1 Visits by Revenue & Customs?

We will normally make an appointment to see you and we will try to make our visit with as little disruption to your business as is possible.

When we make our appointment we will tell you:

- who we want to see;
- what records we want to see; and
- how long we think that the visit will take.

You can find out more detailed information about visits by our officers in Notice 989 Visits by Customs and Excise Officers.

6.2 Officers Powers

Our officers may:

Action	Law
Enter and inspect any production premises, other than a private dwelling house	The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004, Regulation 10 & 11.
Examine any vehicle on those premises	The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004, Regulation 10 & 11.
Inspect or sample any biofuel found on those premises	The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004, Regulation 10 & 11.
Inspect or sample any biofuel found on or in any vehicle found on those premises	The Biofuels and Other Fuel Substitutes (Payment of Excise Duties etc) Regulations 2004, Regulation 10 & 11.
Require the production of your business records, and remove or take of copies of those records	CEMA 1979 s.118B. See also Revenue Trader (Accounts and Records) Regulations 1992.

6.3 Penalties

If you make a false declaration in relation to the production or blending of biofuels or fail to make returns showing your excise duty liability (even if this is NIL) then you could be liable to financial penalties.

6.4 Appeals

If you disagree with a decision made by one of our officers you may be able to appeal to the VAT and Duties Tribunal. More information is given in Notice 990 Excise and Customs Appeals.

7. Glossary

Term	Description
Bioblend	Any mixture that is made by mixing Biodiesel and heavy oil not charged with the excise duty on hydrocarbon oil (duty-suspended heavy oil).
Biodiesel	A diesel quality liquid fuel derived from biomass or waste cooking oils, the ester content of which is not less than 96.5% by weight; and the sulphur content of which does not exceed 0.005 per cent by weight, or is nil.
Bioethanol	A liquid fuel consisting of ethanol produced from biomass and capable of being used for the same purposes as light oil.
Bioethanol blend	Any mixture that is produced by mixing bioethanol and hydrocarbon oil not charged with excise duty.
Biofuel	Means biodiesel, bioethanol or fuel substitute.
Chargeable Use	The use of Biofuel as fuel for any engine, motor, or other machinery, or as an additive or extender in any substance so used.
Duty Suspension	The process that allows oils to be stored without paying Excise Duty, until the oils are delivered to home use. This process used to be known as storing goods 'under bond'.
Excise Duty	The United Kingdom revenue duty chargeable on both imported and home produced energy products. It is charged at a specific rate on the quantity and description of products delivered to home use.
Excise Duty Point	The time when the requirement to pay any duty with which the goods become chargeable is to take effect.
Excise Goods	Goods that are liable to Excise Duty. Biodiesel and Bioethanol are

	classed as Excise Goods when they are set aside or sent out for a chargeable use.
Fuel Substitute	Any liquid used in place of a mineral (hydrocarbon) oil as fuel for any motor, engine or other machinery.
Gas Oil	Heavy oil of which not more than 50% by volume distils at a temperature not exceeding 240°C and of which more than 50% by volume distils at a temperature not exceeding 340°C. If it has been marked, it is also known as 'Red Diesel'.
Heavy Oil	Means hydrocarbon oil other than light oil (HODA Section 1(4)).
Home Use	The United Kingdom home market.
Light Oil	Means hydrocarbon oil – (a) of which not less than 90° by volume distils at a temperature not exceeding 210°C, or (b) which gives off an inflammable vapour at a temperature of less than 23°C when tested in the manner prescribed by the Acts relating to petroleum. (HODA Section 1(3))
Marked Oils	Those oils that have been marked to claim a rebate of Excise Duty. The oils affected are Gas Oil, and Kerosene.
Marking	Adding certain chemicals and dyes to oils in order to claim a rebate of Excise Duty.
Mineral Oils	Hydrocarbons that are liquid below 15°C. The terms 'hydrocarbon oils' and 'mineral oils' mean the same thing.
Rebate	A reduction in Excise Duty that is allowed on oils that have been put to industrial and off-road use. They are marked to show that they have been rebated. It is illegal to use rebated fuels as fuel in road vehicles.
Revenue Trader	A person importing, exporting, producing, handling, processing, packaging, transporting or dealing in goods chargeable with excise duty.
Special Energy Product	A substance that is: (a) petroleum gas; (b) animal fat set aside for use as motor or heating fuel; (c) vegetable fat set aside for use as motor or heating fuel;

	(d) non-synthetic methanol set aside for use as motor or heating fuel; (e) biodiesel; or (f) a mixture of two or more of the substances specified in paragraphs (a) to (e).
Standard Litre	A litre of oil measured at a temperature of 15°C.
Tax Warehouse	a place where excise goods are produced, processed, held, received or dispatched under duty-suspension arrangements by an authorised warehousekeeper in the course of his business, subject to certain conditions laid down by the competent authorities of the Member State where the warehouse is situated.
Tied Oil	Oil that has been delivered conditionally relieved of duty under Section 9 of HODA – see PN 184A for further details.
ULSD	Ultra Low Sulphur Diesel is gas oil that contains less than 0.005% sulphur by weight. The density of the oil must not exceed 835Kg per cubic metre at a temperature of 15°C, and not less than 95% by volume distils at a temperature not exceeding 345°C and which is not sulphur-free diesel.

Do you have any comments?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

**HM Revenue & Customs
Transport and Environmental Taxes
3rd Floor West
Ralli Quays
3 Stanley Street
Salford
M60 9LA**

Please note this address is **not for general enquiries**. You should ring our National Advice Service about those.

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Revenue & Customs' or under 'Customs and Excise' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmrc.gov.uk>.

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If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Revenue & Customs.

You can contact the Adjudicator at:

The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP

Phone: (020) 7930 2292

Fax: (020) 7930 2298

E-mail: adjudicators@gtnet.gov.uk

Internet: <http://www.adjudicatorsoffice.gov.uk/>