



Fuel Duty – Aviation Gasoline (Avgas) rate

Who is likely to be affected

Manufacturers, importers, distributors, retailers and users of aviation gasoline (Avgas).

General description of the measure

This measure will increase the excise duty payable on Avgas.

The current rate of excise duty on Avgas is £0.3770 per litre.

The new rate of excise duty on Avgas is £0.3820 per litre from 1 January 2021.

Policy objective

This measure will increase the excise duty payable on Avgas across the UK.

Background to the measure

EU Single Market provisions in the Energy Taxation Directive set a minimum level of duty on leaded petrol used for propulsion of 42.1 euro-cents per litre, and Single Market members should ensure their national rate of taxation complies with the minimum rate in euros using the exchange rate as it stands in October.

The Northern Ireland Protocol requires this provision to be followed in Northern Ireland; there is no requirement post-transition for this EU measure to be implemented in Great Britain.

After careful consideration, and on balance, the UK Government has decided that there are merits in consistency across the United Kingdom, to avoid burdens on business and reduce compliance risks for HMRC; the measure will therefore increase the excise duty payable on Avgas across the UK.

Detailed proposal

Operative date

The new rate for Avgas will have effect from 1 January 2021.

Current law

Fuel Duty legislation is contained in the Hydrocarbon Oil Duties Act 1979 (HODA). The rate for Avgas is set out in section 6(1A).

Proposed revisions

Legislation will be introduced in the Taxation (Post-transition Period) Bill to amend the rate of Avgas in section 6(1A) of HODA from £0.3770 to £0.3820 per litre.

Summary of impacts

Exchequer impact (£m)

2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026
negligible	negligible	negligible	negligible	negligible	negligible

This measure is expected to have a negligible impact on the Exchequer.

Economic impact

This measure is not expected to have any significant economic impact.

Impact on individuals, households and families

This measure will have an impact on some individuals involved in general aviation and who use Avgas, as the increased duty rate is expected to slightly increase their fuel costs. There are an estimated 27,000 individuals with pilot licences that may be involved in general aviation (of which about 15,000 are estimated to be active at some point during the year). This measure is not expected to have an impact on family formation, stability or breakdown.

Customer experience is expected to remain broadly the same, as the change in the rate of Avgas does not change any processes or tax administration obligations for individuals.

Equalities impacts

It is not anticipated that there will be impacts on groups sharing protected characteristics

Impact on business including civil society organisations

This measure will have a negligible impact on a small number of businesses using specific aircraft as the increased duty rate is expected to slightly increase their fuel costs. For fuel duty payers who supply Avgas, one-off costs will include familiarisation with the new rate and updating their systems. There are not expected to be any continuing costs. Customer experience is expected to remain broadly the same as the change does not affect how businesses interact with HMRC.

This measure is not expected to impact civil society organisations.

Operational impact (£m) (HMRC or other)

HMRC will incur a negligible cost for changing the Avgas rate.

Other impacts

Other impacts have been considered and none has been identified.

Monitoring and evaluation

The measure will be monitored through information collected from tax receipts.

Further advice

If you have any questions about this change, please contact Sonia Swales at sonia.swales@hmrc.gov.uk

Declaration

The Right Honourable Jesse Norman MP, Financial Secretary to the Treasury has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.