

Restrictions on the use of ‘red diesel’

The equipment and uses where rebated fuel is permitted have been reduced. From 1 April 2022 rebated fuel (e.g. red diesel¹) must not be put into a vehicle, machine or appliance for a use that is no longer allowed², and, in so far as is safe and reasonable, any rebated fuel in such equipment should be used up before 1 April 2022.

Vehicles used for both allowed and non-allowed purposes

Equipment that is used for both allowed purposes (e.g. agriculture, horticulture, forestry etc) and non-allowed purposes (e.g. construction, logistics, warehousing etc) must either use only non-rebated, “white”, fuel, or, when changing from an allowed purpose to a non-allowed purpose, all rebated fuel remaining in the tank of vehicle must be drained and the tank must be flushed.

Exception: *Rebated fuel does not need to be drained and flushed when a hire truck containing such fuel moves from Farm A to Farm B via the hire company depot, so long as these journeys do not include any non-qualifying work.*

Responsibilities of the Supplier

The Supplier shall not permit, or allow, equipment fuelled with rebated fuel to be used for purposes where such fuel is not allowed, whether by themselves or by others.

The Supplier shall inform the Customer:

- About permitted and non-permitted uses for rebated fuels, for example by providing them with a copy of this document.
- Of the Fuel Type(s) that are permitted to be used in the hire equipment³, including, where appropriate the excise status of the fuel, for example by identifying “white⁴ diesel EN 590 or BS 2869 Grade A2⁵ only” as the Fuel Type on the Hire Agreement. Note: where applicable, signage on the truck prohibiting fuelling with rebated fuel could be of assistance.
- Of any rebated fuel known to be in the equipment at commencement of the hire period.
- That any reasonable costs incurred through incorrect fuelling, for example, for draining, disposal and flushing, shall be charged to the Customer.
- That the Customer is required to inform the Supplier of any misfuelling⁶, and that the Customer is recommended to monitor, and maintain records of, fuelling⁷.

The supplier shall maintain such records of their own fuelling activities as are necessary to demonstrate that misfuelling has not occurred.

When a fuel tank is drained and flushed to remove rebated fuel so as to enable equipment to move from a use where rebated fuel is permitted to one where non-rebated fuel is required, the Supplier shall maintain records of flushing and disposal of the rebated fuel, and shall make these records available to HMRC investigators upon request⁸.

Responsibilities of the Customer

As the user of the equipment, the customer is responsible for ensuring that only the correct fuel is used⁹. This includes ensuring that rebated fuel¹ (e.g. red diesel) is only used in equipment and for applications where this is permitted².

In the event of an investigation by HMRC, you may be required to provide evidence that, whilst in your possession, vehicles only operated using rebated fuel when permitted to do so, and that you have not provided rebated fuel for use in an application where only non-rebated fuel is permitted¹⁰.

Note: *Where illicit use of rebated fuel is identified, HMRC may request information from previous users.*

When supplied by the Customer, fuel shall be of the grade and type specified by the supplier. Rebated fuel, e.g. red diesel, should only be used to refuel vehicles with the express consent of the supplier. Where misfuelling¹¹ has occurred, this shall be reported to the Supplier.

The Customer is responsible for all damages, losses and expenses incurred by the Supplier if the Customer uses the incorrect fuel. This includes costs associated with draining of the tank/system, disposal of unused fuel and the flushing, refilling and recommissioning¹² of the tank/system.

| For and on Behalf of Supplier: | |
|--------------------------------|--|
| Name (print): | |
| Position: | |
| Signature: | |
| Date: | |

| For and on Behalf of Customer: | |
|--------------------------------|--|
| Name (print): | |
| Position: | |
| Signature: | |
| Date: | |

¹ For the purposes of this document, red diesel is considered to be rebated fuel and white diesel is considered to be non-rebated fuel. This document also applies to other fuel types, such as biofuels and HVO.

² See www.gov.uk/government/publications/changes-to-rebated-fuels-entitlement-from-1-april-2022/check-when-rebated-fuel-can-be-used

³ The Supplier may specify that only non-rebated (“white”) fuel be used in equipment subject to the Hire Agreement, even if the use of rebated (“red”) fuel were to be permitted in law for the intended application.

⁴ Fuelling with non-rebated (“white”) fuel is always permitted where rebated (“red”) fuel is specified.

⁵ BS 2869 Grade A2 is the most common diesel fuel for non-road mobile machinery (NRMM) in the UK. It is available in both non-rebated (“white”) and rebated (“red”) versions.

⁶ The Supplier is not required to inspect the fuel for dye or test for chemical markers when the equipment is returned.

⁷ HMRC inspectors may request records from previous customers during an investigation.

⁸ Flushing does not have to remove every trace of the dye and the chemical marker so long as documentary evidence of flushing is available.

⁹ HMRC officers may impose civil or criminal sanctions for intentional or reckless misuse of rebated fuel as set out in [Section 6 of Excise Notice 75: Fuels for use in vehicles](#)

¹⁰ This could occur if you fail to report the presence of rebated fuel upon return of hire equipment.

¹¹ Misfuelling includes any, and all, events of fuelling with rebated fuel without the express consent of the Supplier.

¹² Where necessary, at the discretion of the Supplier, recommissioning includes replacement of filters, etc.