



## **Legislative changes to allow use of rebated fuel in agricultural vehicles when gritting public roads**

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### **Who is likely to be affected?**

Farmers, commercial gritting businesses, local and county councils, other businesses and households.

### **General description of the measure**

Changes to Schedule 1 to the Hydrocarbon Oil Duties Act 1979 (HODA) to allow certain agricultural vehicles to use rebated fuel (red diesel) when gritting roads. The change extends the eligible activities for agricultural tractors, light agricultural vehicles and agricultural material handlers to include gritting.

### **Policy objective**

Tractors and other agricultural vehicles are often the most suitable and readily available vehicles to rural communities, but being ordinarily fuelled with red diesel prevents them from being called upon to grit rural roads during extreme weather conditions. The rationale behind the policy is that farmers should be able to respond quickly to adverse weather, helping to facilitate the movement of people and supplies in and out of rural towns and villages that may otherwise be cut off due to impassable road conditions.

### **Background to the measure**

In July 2012, HM Revenue & Customs (HMRC) launched a public consultation: *Use of Rebated Fuel for Gritting in Rural Areas* to establish whether a permanent change to legislation to permit tractors to use red diesel specifically when gritting roads to deal with ice and snow was desired by the communities affected and how such a change might affect commercial operators and official gritting authorities.

The response was overwhelmingly positive and in December 2012 HMRC announced their intention to change to Schedule 1 of HODA to allow agricultural vehicles to use rebated fuel when gritting roads.

In July 2013, HMRC invited comments on the draft statutory instrument (SI) to add gritting to the permitted activities for tractors and light agricultural vehicles in Schedule 1 of HODA. Following further representation from organisations representing the farming industry in England and Wales, HMRC agreed that the change should be extended to include agricultural material handlers.

HMRC estimates that up to 10,000 farms and 500 gritting businesses will be affected to some extent. It is likely that, as gritting coverage may be extended to areas not normally gritted by commercial gritters, that there will be a small, but manageable increase in demand for salt and grit. Local businesses in rural areas are likely to benefit from access to villages being maintained.

## Detailed description of the measure

### Operative date

These changes have effect on and after 1 November 2013.

### Current law

Schedule 1 paragraph 8 (gritting) of the Hydrocarbon Oil Duties Act 1979 (HODA) restricts the use of red diesel to vehicles that are constructed or adapted solely for the conveyance of machinery for spreading material on roads to deal with frost, ice and snow. These vehicles can undertake gritting work while fuelled on red diesel.

HODA Schedule 1 paragraphs 2, 3 and 3A state that to qualify to use rebated fuel agricultural vehicles must be used solely for activities relating to agriculture, horticulture, forestry. Agricultural tractors and agricultural material handlers may also use rebated fuel when for cutting verges, hedges and trees bordering public roads.

### Revisions

Schedule 1 HODA is amended (by way of secondary legislation) to add gritting to the list of permitted activities in the excepted vehicle categories 2 (Tractors), 3 (Light Agricultural Vehicles and 3A (Agricultural Material Handlers) in Schedule 1 to HODA.

### Summary of impacts

Exchequer impact (£m)	2013-14	2014-15	2015-16	2016-17	2017-18
		negligible	negligible	negligible	negligible
	This measure is expected to have a negligible impact on the Exchequer.				
<b>Economic impact</b>	The measure is not expected to have any significant economic impacts.				
<b>Impact on individuals and households</b>	Individuals and households will benefit from maintaining clear access roads to schools, places of work, shops and other local services.				
<b>Equalities impacts</b>	This measure is not expected to have any impact on individuals with protected characteristics.				
<b>Impact on business including civil society organisations</b>	This measure is expected to have a negligible impact on businesses and civil society organisations. Compliance costs to business will be negligible.				
<b>Operational impact (£m) (HMRC or other)</b>	It is not expected that implementing this change will incur any additional costs for HMRC.				
<b>Other impacts</b>	Other impacts have been considered and none have been identified.				

### Monitoring and evaluation

This measure will be kept under review through communication with affected taxpayer groups.

**Further advice**

If you have any questions about this change, please contact Steve Clarke on 03000 587 932 (email: [steve.clarke2@hmrc.gsi.gov.uk](mailto:steve.clarke2@hmrc.gsi.gov.uk)).

**Declaration**

Nicky Morgan MP, Economic 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.