

**RED DIESEL
TAX USE
ENTITLEMENT
CHANGES.**

(HODA SCH 1)

CONTENTS

RED DIESEL CHANGES ARE COMING... ARE YOU READY?

1. IMPACT

2. ACTION PLAN

3. OPPORTUNITIES

4. FUELLING THE FUTURE WITH US



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IS YOUR BUSINESS READY FOR THE RED DIESEL CHANGES?

In 2020 the UK government announced that it would be removing the entitlement to use Red Diesel (Gas Oil) and rebated biodiesel for many sectors as of April 1st 2022. The reason for removing these entitlements is to reduce the commercial use of Red Diesel which will now mean that industries such as construction and leisure will now have to use White Diesel or switch to a cleaner alternative such as our new Clean Air HVO Renewable Diesel and Renewable Gas Oil.

The government have set a goal to achieve a target of net zero carbon emissions by 2050 and the UK are the first country to sign this ambition in law and there may be more regulatory changes introduced in coming months and years.

Red Diesel accounts for 15% of all diesel oil used in the UK and it produces almost 14 million tonnes of CO2 per year.

The government guidance around Red Diesel tax changes has continued to evolve and there is still some uncertainty on exactly which applications will be exempt and we at Nicholl Oils know that this can be challenging for businesses to know what the next steps should be taken to sure they remain compliant.

We have prepared this guide to help companies navigate the upcoming changes and our commercial team and our Sales Representatives welcome any questions you might have.

RED DIESEL ACCOUNTS FOR 15% OF ALL DIESEL OIL USED IN THE UK, AND PRODUCES ALMOST 14 MILLION TONNES OF CO2 PER YEAR.



In order to achieve the target of net zero carbon emissions by 2050 the UK government have announced that it would be removing the entitlement to use Red Diesel and rebated biodiesel for many sectors and applications.

WE CAN HELP YOU...

Commercial Sales

08000 22 44 22 (Option 2)

Ronan McKinney: 028 7181 3125

Trevor Rosborough: 028 7181 3172

Matthew Mcdaid: 028 7181 3182

Trevor McCaw: 07766692763

Eamon Toner: 07771972856

Rod Hawkins: 07760616329



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IMPACT: WHO WILL FEEL THE IMPACT?

Industries such as the construction sector will most likely feel the impact of the Red Diesel changes the most. The reason construction could feel the effects of these changes stronger is that their equipment such as non-road mobile machinery such as cranes and bulldozers will no longer be permitted to run on Red Diesel when being used for construction reasons. The construction industry will also no longer be able to use Red Diesel for heating and power generation on sites.

The construction industry is not the only industry to be affected by these new changes. Others include;

- Road Maintenance
- Leisure
- Mining and Quarrying
- Construction
- Manufacturing
- Haulage – including refrigeration
- Waste Management
- Commercial Heating
- Airport Operation
- Road Gritting

SO WHATS THE NUMBERS?...

Unsurprisingly the impact of the rise in fuel costs will be a primary concern for many businesses. Switching from Red Diesel to an alternative will see a significant price difference. The long term financial impact of this change has not yet been quantified but we are advising customers to begin to think about how they are going to adapt their business to reduce a severe impact come the 1st of April. We are also urging customers to consider the one-off costs and to stay compliant by running down current stocks and purchasing additional tanks.

RED DIESEL CURRENTLY

EFFECTIVE DUTY RATE

11.14 PPL

Currently has a rebate of 46.81ppl

RED DIESEL AS OF 1st APRIL 2022

DUTY RATE

57.95 PPL

MORE THAN 5 TIMES THE CURRENT DUTY RATE



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ACTION: LET US HELP YOU PUT A PLAN IN ACTION!

No one wants to incur heavy fines when the changes come into force. We have prepared three easy steps to ensure compliance;

1. Government Guidelines

It is important to be fully aware of the upcoming changes and what they mean to your business. The Government will regularly update their website and we advise that you pay attention to the list of applications where Red Diesel is still permitted for use. If you are not on the list you must have an alternative fuel ready for use.

2. Run down your Red Diesel stock

If your application is no longer permitted to use Red Diesel it is now important to run down your current Red Diesel stocks ahead of the 1st of April. You will not have to flush any of your tanks but you must be able to prove that no Red Diesel has been purchased after the 1st April 2022

3. Invoices

KEEP YOUR INVOICES! It is important that you are able to prove that you have not purchased Red Diesel after the 1st April 2022 or soon before the deadline as if to stock up. Keeping all your invoices will be useful as an audit trail to provide evidence to the HMRC if requested.



THINK THEFT PREVENTION!

Changing the rules around the usage of Red Diesel will could lead to an increase in fuel theft. Your alternative fuel will now be more valuable and more attractive to thieves. We would advise you to increase your premises security and invest in tank locks and smart tanks.



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OPPORTUNITY: WHAT ALTERNATIVES HAVE WE TO OFFER YOU?

We have recently introduced our brand new product, Clean Air HVO Renewable Diesel to Northern Ireland. We are the only suppliers of this fuel across the province.

What is HVO Fuel?

HVO (hydrotreated vegetable oil), or the Nicholl Brand, “Clean Air HVO Renewable Diesel”, is a premium, renewable, high quality diesel fuel manufactured from sustainable raw materials. We are very proud to say that our new fuel will not release any new CO2 into the atmosphere.

HVO is part of the paraffinic family of fuels which are renewable, sustainable and high quality and therefore makes it perfectly suited for a wide range of applications including passenger, heavy duty and off road vehicles, generators and commercial boilers. The materials used to produce Clean Air HVO Renewable Diesel is 100% waste, taken from products that will cause no lasting damage to our environment. All our raw materials have been checked and verified, and the fuel’s credentials audited by the Department for Transport (DFT) to ensure both sustainability and product integrity are certified.





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FUELLING THE FUTURE WITH US

There are some big challenges up ahead for businesses who will be no longer permitted to use Red Diesel. However there is a real opportunity for your business to take the leap into becoming more sustainable and reducing your carbon footprint.



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**WE'RE READY,
LET US HELP YOU GET
READY TOO!**

**Info@nicholloils.com
08000 22 44 22**

**WANT TO KNOW MORE
ABOUT THE RED DIESEL
REBATE CHANGES AND THE
AVAILABLE OPTIONS TO
YOU? GET IN TOUCH TODAY
FOR MORE GUIDANCE FOR
YOUR BUSINESS.**