

The PPO tax situation

Up until very recently all users of PPO fuel in the UK needed to pay HMRC road fuel duty tax.

While the tax was reduced it was complex for small users and still charged individuals tax for choosing to use a leading environmental technology.

Following the recent review the need to register for road fuel duty tax has been dropped for individuals who use less than 2500 litres of fuel a year.

This means that most domestic users can now modify their diesel vehicles and thus legally use PPO without the need to pay road fuel duty. This makes PPO the cheapest and lowest carbon way of using motor vehicles.

For those wishing to read more visit the HMRC INFORMATION (link to:

<http://www.hmrc.gov.uk/briefs/excise-duty/brief4307.htm>)

Users over 2500 litres

For businesses and individuals that are heavy fuel users there is still a 20p per litre tax reduction making PPO cheaper to purchase than diesel. However, in April 2008 the Renewable Transport Fuel Obligation (RTFO) will come into effect.

The Renewable Transport Fuel Obligation (RTFO) has been developed by the Department for Transport working closely with the Low Carbon Vehicle Partnership.

The RTFO will put pressure on fuel companies to provide a gradually increasing percentage of bio fuels in all fuel sold in the UK. Each litre of bio fuel produced for the UK will be awarded a certificate with a capped value of 15p per certificate.

Importantly, this will lead to an overall further price reduction for the end users of PPO of approximately 10p per litre meaning UK grown PPO will be the most cost effective and sustainable choice for fleet operators over the coming years with a cost well below that of standard diesel or bio diesel blended fuel.

This will make PPO the cheapest sustainable fuel option with the best environmental credentials.