

British Marine and TYHA guidance on the removal of the right to use red diesel in marine plants from 1st April 2022

Background:

In 2020, the UK Government announced that it would remove the red diesel entitlement for many industries, including the leisure marine sector, from 1 April 2022.

We, together with our industry partners, lobbied heavily to reverse this decision and ensure that marine businesses and owners of private pleasure craft would not be negatively impacted by this change.

In [March 2021](#), the Government confirmed that it had reversed its earlier decision and would continue to allow vessels to use red diesel for the purposes of propulsion.

Despite this success for boaters, it confirmed that it would continue with plans to remove the entitlement for marinas and boatyards to use red diesel to power their plant and machinery from April 2022.

The changes are being introduced to curb use of the most polluting fuels and encourage the switch to greener alternatives.

About this document

This document has been prepared by British Marine and TYHA. It sets out the circumstances in which red diesel and alternative types of fuel can be legally used from 1st April 2022.

This guidance note does not replace the advice issued by HMRC, instead it is designed to supplement the information already available and provide marine businesses with greater clarity. This advice has also been checked by HMRC and sets out the actions that marinas and boatyards should take to remain compliant with the legislation.

Situations where red diesel can be used:

Private pleasure craft

At Budget 2021, the Government announced that it will continue to allow private pleasure craft to use red diesel after April 2022, except for private pleasure craft in Northern Ireland.

This is provided that the person refuelling pays their supplier the duty differential on the proportion of fuel which is used for propulsion, as they do currently. The changes coming into effect from 1 April 2022 therefore *do not change* the status quo for private pleasure craft in Great Britain.

Machinery and equipment attached to a boat

From April 2022, the only machinery and equipment which can refuel with red diesel are those which are **permanently** attached to a boat.

Situations where alternative fuels must be used:

Non-Road Mobile Machinery (NRMM)

From April 2022, you **must not** refuel NRMM, such as boat hoists, boat movers, cranes, or forklifts with red diesel for non-accepted uses.

Once the changes come into force, you must only use white diesel or another permitted alternative.

Heating and power generation

From April 2022, you **must not** place red diesel into commercial heating systems or use it for power generation in marina or boatyard settings. You must use white diesel or another permitted fuel.

Landscaping

Once the new changes come into force, **you must** not place red diesel in any equipment or machinery used to provide landscaping in a marina setting. This includes cutting grass verges. Instead, you must use white diesel or another permitted alternative.

Your responsibilities:

Fuel tanks and storage

HMRC has confirmed that only [suppliers](#) of fuel need to flush fuel tanks to remove the red trace if they are changing the tank to provide another type of fuel. If you are changing to white diesel (or an alternative) and will be selling it to others, then you are considered to be a supplier.

Upon changing from red to white diesel (or an alternative) marinas and boatyards are not required to flush tanks or any equipment or machinery which may currently contain red diesel if they are not supplying fuel to others. More information can be found [here](#). Instead, they must ensure that when refuelling, they only use the permitted type of fuel.

Paperwork

To evidence compliance you must keep invoices and details of purchase orders for HMRC to review if required.

Surplus stocks of red diesel

Red diesel users who will lose their entitlement must plan to use up all their existing red diesel stocks before 1st April 2022 and must not purchase red diesel on or after 1 April 2022.

Other sources of fuel:

You can find out more about additional sources of fuel and how you can use them by visiting the following guidance on [GOV.UK](#). The British Ports Association (BPA) has also compiled this [document](#) to help you select the most appropriate type of fuel where there is a need to switch to alternatives.

Frequently asked questions:

1. **Could the Government reverse its decision in the future and allow marinas and boatyards to use red diesel for plant machinery?**

This is very unlikely. Whilst the Government will keep this legislation under review, industry bodies such as British Marine, TYHA and the BPA have all lobbied Government on the continued use of red diesel. It is therefore very unlikely that the policy would be reversed in the future.

British Marine and TYHA members should therefore be taking all the necessary steps to comply with the legislation.

2. How will HMRC enforce this policy?

HMRC has indicated that they will take a pragmatic and risk-based approach to enforcement.

Our members should note that HMRC does have the power to seize equipment and machinery unlawfully using rebated fuels.

British Marine and TYHA members should therefore be taking all the necessary steps to comply with the legislation.

3. Will I be able to power a dredger using red diesel?

Yes, if dredging equipment is permanently fixed to a dredging vessel then red diesel can be used.

4. Am I required to flush tanks?

This depends on whether you are a supplier. If you are a supplier, and when changing from red to white diesel (or another alternative), you will be required to flush tanks to remove the red trace.

If you do not supply fuel to others, you are considered an end user and are not required to flush the tanks of equipment or machinery when switching from red diesel to white diesel (or another alternative).

5. Do I have to use white diesel or can I use other fuels in machinery or equipment?

You can use white diesel or any other permitted fuels. However, you should check with equipment manufacturers/suppliers to ensure that the alternative fuel is compatible and that warranties are not invalidated.

6. If I have red diesel left over, can I use it after 1st April 2022 in machinery?

No – you will be committing an offence if you put red diesel in plant, machinery and equipment on or after this date.

However, red diesel can still be used by boaters from 1 April 2022 and so you may wish to move your surplus supplies of red diesel into a tank to supply boats, as this is permitted within

the legislation. You also have the option to sell surplus supplies to businesses, within other sectors, which can continue to use red diesel after the changes take effect.

7. Are there any grants available to help businesses adapt and meet the increased costs associated with changing tanks?

There are no grants to help businesses comply with the policy.

8. The guidance on GOV.UK says that Non-Road Mobile Machinery (NRMM) and cranes can use red diesel – but this advice says that machinery cannot use rebated fuel?

Red diesel can only be used in allowed vehicles/machines where said vehicle/machine is being used for an accepted use. Marine is not considered an accepted use therefore marina or boatyard operators are not permitted to place red diesel in NRMM after the changes come into force.

From 1 April 2022, marinas and boatyards can only use red diesel in boats and machinery which is **permanently** attached to a boat.

9. What should I do now?

If you need help or would like more information you can contact the team at British Marine. Please email Jon White on jwhite@britishmarine.co.uk or Frances Marley on fmalley@britishmarine.co.uk. Alternatively, you can call the team on 01784 473 377.

We would encourage our members which will be affected by these changes to contact their fuel supplier and to arrange for white diesel or alternative fuels to be delivered in advance of the changes taking effect.

We would also encourage our members to consider sourcing additional fuel tanks (these may be available from your fuel supplier) if needed and to run down existing stocks of red diesel where it is currently being used in NRMM or for the purposes of commercial power generation.

If you believe you will have difficulty in meeting your obligations in time for April, you are advised to contact HMRC as soon as possible. You can do this by contacting oils.policymail@hmrc.gov.uk