



FUEL EXCISE DUTY RELIEF FOR CLUB SAFETY BOATS

SECTION 1

Following changes to European Union law on excise duties, it is possible for clubs to reclaim the excise duty part of the cost of fuel used by their safety boats, subject to the conditions outlined in this leaflet.

Before January 1993, relief of excise duty on fuel oils for marine voyages was limited to commercial users and the RNLI and was only available for diesel and heavy fuel oils. EU Directive 92/81 extends this relief to all fuels, including petrol, used by commercial vessels operating at sea.

QUALIFYING USE

Although private pleasure craft are excluded, HM Revenue & Customs take the view that, because of the nature of the tasks carried out by club safety boats, this type of use can qualify for relief.

The legal basis for this view is set out in Appendix I to this leaflet.

Full details of fuel excise duty relief is given in HM Revenue & Customs Notice 263 '*Marine Voyages - Excise Duty Relief for Mineral (Hydrocarbon) Oil*'.

During the period of use for which relief is claimed, a safety boat must be operating

- at sea, or
- within the limits of a port

The 'limits of a port' are those used by HM Revenue & Customs for its own administrative purposes and are not necessarily the same as harbour authority limits. Clubs located in the upper reaches of estuaries or on rivers connected with the sea should check with HM Revenue & Customs National Advice Service (excise section) whether their operational area qualifies for relief.

A boat must be used **solely** for safety duties throughout the period of use for which relief is claimed (for 'period of use' see Appendix I).

MAKING A CLAIM

Claims should be made on form HO50, which can be downloaded from the HM Revenue & Customs website (www.hmrc.gov.uk) or obtained from the Mineral Oil Relief Centre.

'Omnibus claims' (ie claims covering 2 or more boats and/or journeys) can be made on a single HO50 by attaching a separate schedule in the form shown in Section II and III.

Form HO50 should be signed by an Officer who has detailed knowledge of the club's safety boat arrangements.

Section II '*Particulars of vessel*' and Section III '*Particulars of voyages*' should show the engines used and their periods of use in sufficient detail to enable HM Revenue & Customs to check that the total fuel consumption is consistent with the duty reclaimed.

Claims should be sent to HM Revenue & Customs, Mineral Oil Reliefs Centre, Dobson House, Regent Centre, Newcastle NE3 3PF. Fuel bill receipts should **not** be sent but should be retained (see below).

Frequency of Claims

Claims must

- cover a claim period of no more than 3 years
- be made within 3 months of the end of the claim period
- not be for sums less than £250.

RECORD KEEPING AND AUDIT PROCEDURE

Clubs should note the distinction between

- information provided on form HO50
- supporting records which must be kept in support of claims made.

Supporting records are needed to satisfy HM Revenue & Customs audit procedures.

Clubs claiming relief of duty will be required to

- keep receipts for fuel purchases showing
 - date or dates on which the oil was purchased;

- name and address of the seller;
 - name of purchaser;
 - the date and place of shipment of the oil;
 - the name of the vessel;
 - the quantity and description of the oil and the purpose for which it is delivered; and
 - the price paid for the oil.
- keep a record of the use of safety boats.

The need for record keeping will vary with each club's activities and use of its boats. HM Revenue & Customs suggest each club agrees a form of record keeping with its local advice centre.

Records are required to be kept for 6 years from the date to which they relate.

Audit of claims is based on checks carried out by HM Revenue & Customs audit staff. These may be made by correspondence, or visits, or both. Their purpose is to inspect records (to make sure these are sufficient and consistent with claims made) and to inspect the boats for which claims are made.

A club subject to an audit visit will be expected to satisfy an inspector that safety boats are properly equipped and crewed for their safety boat role, and that their fuel consumption and pattern of use is consistent with that declared.

When inspecting boats, audit staff will have regard to the advice given to clubs in RYA booklet G16 '*Safety Boat Handbook*'.

Inspectors generally concentrate their work on areas where the risk of improper claims is greatest: there is less likelihood of full audits on clubs where fuel use is small, or where there has been close liaison with the local advice centre when setting up the claims procedure.

OMNIBUS CLAIM FOR SEVERAL BOATS - SUGGESTED LAYOUT

SECTION 2 - PARTICULARS OF VESSEL

Number of vessels	Names or other identification	Tons (each vessel)	Engine capacity (each vessel)	Engine make	Fuel used	Quantity supplied (litres) per vessel
		0.25	8 hp	Mariner []	Leaded petrol	X00
		0.25	30 hp	Mariner []	Leaded petrol	X00
		0.5	55 hp	Mariner []	Leaded petrol	X00

SECTION 3 - PARTICULARS OF VOYAGES

Vessels	Date(s)	Location	Purpose of Voyage
[identify each boat]	Jan - Jun [] Sept - Dec [] 5 hours on 4 days per week	[..... Harbour]	Safety vessel
	July - August [] 6 hours on 6 days per week	"	" "
	Jan - June [] Sept - Dec [] 5 hours on 4 days per week	"	" "
	July - August [] 6 hours on 6 days per week	"	" "
	Jan - Jun [] Sept - Dec [] 5 hours on 4 days per week	"	" "
	July - August [] 6 hours for 6 days per week	"	" "

APPENDIX 1

LEGAL STATUS FOR EXTENSION OF RELIEF TO CLUB SAFETY BOATS

EU Directive 92/81 requires Member States to exempt from excise duty

'.....mineral oils supplied for use as fuel for the purposes of navigation within community waters.... other than in private pleasure craft'

A 'private pleasure craft' is a craft used for other than commercial purposes, which include the purposes of public authorities.

Private members clubs are not treated as being run for commercial purposes, but nevertheless the Commissioners of HM Revenue & Customs are authorised (within the scope of the Hydrocarbon Oil Duties Act 1979, as amended, which is the relevant UK statute) to exercise discretion in the interpretation of EU legislation, and have decided that club safety boat duties have a sufficiently similar character to work done by bodies such as the Coastguard Agency and the RNLI to justify the extension of this relief.

Entitlement to relief will be strictly applied to the use of club boats **as safety boats**. Boats will only qualify when they are being used **solely** as safety boats. Use for any other purpose, such as pleasure use, will disqualify the occasion of that use from excise duty relief.

'Period of Use'

HM Revenue & Customs rules refer to 'marine voyages'. These will include the patrolling use of club safety boats. This leaflet uses the term 'period of use' to refer to times when the boat is being used **solely** as a club safety boat. There will be no entitlement to duty relief during any time when a safety boat is in use for other duties, such as marshalling, coaching, ferrying passengers or as a committee boat.

If a club uses its safety boats for such other duties then fuel usage will need to be apportioned so as to show clearly the periods of sole safety boat use. Club records showing mixed use of safety boats are likely to be closely inspected on audit. Clubs may find that the

amount of money saved does not justify the administrative effort needed to keep records of this kind.

CONTACTS:

HM Revenue & Customs
Mineral Oil Reliefs Centre, Dobson House, Regent Centre,
Newcastle, NE3 3PF.

National Advice Service Tel: 0845 010 9000

www.hmrc.gov.uk

HM Revenue & Customs Notice 263 'Marine Voyages – excise duty relief for mineral (hydrocarbon) oil.

For more information kindly contact the RYA Legal Team on 0844 5569519 or legal@rya.org.uk

Disclaimer:

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