This notice cancels and replaces Notice 179A (January 2002). Details of any changes to the previous version can be found in paragraph 1.2 of this notice.

Further help and advice

If you need general advice or more copies of HM Revenue & Customs notices, please phone the Helpline on 0845 010 9000. You can call between 8.00 am and 8.00 pm, Monday to Friday.

If you have hearing difficulties, please phone the Textphone service on 0845 000 0200.

If you would like to speak to someone in Welsh, please phone 0845 010 0300, between 8.00 am and 6.00 pm, Monday to Friday.

All calls are charged at the local rate within the UK. Charges may differ for mobile phones.

Other notices on this or related subjects:

179 Motor and Heating Fuels: General Information and Accounting for Excise Duty and VAT

192 Registered Dealers in Controlled Oils

554 Fuel used in private pleasure craft and for private pleasure-flying

1. Introduction

1.1 What is this notice about?

It explains the rules governing the supply and use of aviation turbine fuels (Avtur). Other aircraft fuels such as aviation gasoline (avgas) are light hydrocarbon oils, which are not covered by this notice.

This notice and others mentioned are available on our website at www.hmrc.gov.uk

1.2 What's changed?

The notice has been revised and updated. It includes the requirement for Avtur dealers to register under the Registered Dealers in Controlled Oil (RDCO) scheme, but without the requirement for them to submit returns detailing sales of Avtur.

From 1 November 2008, Avtur purchased for private flying no longer benefits from a reduced rate of duty. This notice has been updated to reflect the additional obligations on those who supply Avtur which may be used for private flying.

This notice should be read together with N192 Registered Dealers in Controlled Oils.

You can access details of any changes to this version of the notice since January 2010 on our website at www.hmrc.gov.uk or by telephoning our Helpline on 0845 010 9000.

This notice and others mentioned are available on our website.

1.3 Who should read this notice?

Anyone who is involved in the import, production, sale, storage and movement of Avtur including end users.

1.4 What law covers this notice?

Primary legislation
The Hydrocarbon Oil Duties Act 1979 (HODA)
The Finance Act 2002
The Customs & Excise Management Act 1979 (CEMA)

Secondary legislation
The Hydrocarbon Oil (Registered Dealers in Controlled Oil) Regulations 2002 (SI 2002/3057)
The Hydrocarbon Oil (Marking) Regulations 2002 (SI 2002/1773)
The Hydrocarbon Oil (Registered Remote Markers) Regulations 2005 (SI 2005/3472)

Parts of this notice have the force of law. These parts are indicated by being placed in a box.

Example: The following text has the force of law
You cannot retrospectively apply the cash accounting scheme to your business.

2 Background and general information

2.1 What are aviation turbine fuels (also commonly known as Avtur, Aviation kerosene, Jet A1, ATK)?

Aviation turbine fuels are heavy hydrocarbon oils defined for excise purposes as ‘kerosenes’ (see Notice 179 Motor and Heating Fuels: General Information and Accounting for Excise Duty and VAT for definitions).

They are controlled oils as defined in Section 27 (1) of HODA which are intended for use as fuel for aircraft engines and are delivered for that purpose. This means they are to be treated within the Registered Dealers in Controlled Oils (RDCO) scheme and this notice has been revised to take account of this.

In this notice, aviation turbine kerosene is referred to as ‘Avtur’.

2.2 What is the duty rate for Avtur?

Unmarked kerosene is normally liable to duty at the unrebated heavy oil rate. Marked kerosene is fully rebated and the duty rate is nil.

For quality and safety reasons, Avtur is subject to a general marking waiver. It is treated as an exception to the normal rules and is delivered through the supply chain fully rebated. In effect therefore, Avtur carries a nil rate of duty.

Avtur will only be fully rebated if all suppliers and final users comply with the requirements set out in this notice.

2.3 Avtur and the RDCO scheme

Section 4 gives further details of our requirements, however we do not currently require returns to be submitted by Avtur RDCO dealers.

Adoption of other aspects of the scheme such as customer checks and record keeping requirements are designed to minimise the potential for misuse of Avtur.

2.4 VAT liability for Avtur used on flights within the UK

Supplies of Avtur for commercial flights within the UK and all private flights are normally liable to VAT at the standard rate. This rate is currently 17.5 per cent. At present, aircraft receiving supplies of 2,300 litres or less may qualify for the reduced rate of 5 per cent. Please see section 6 of Notice 701/19 Fuel and Power for further details.

For further information regarding VAT liability please see the section dealing with aircraft stores in Notice 703 Exports and the removal of goods from the UK.

3 Storage and delivery of Avtur

3.1 Can Avtur be stored in an excise/tax warehouse?

Yes. It is subject to the same rules and regulations as other oils put into warehouse. Please refer to Notice 179 Motor and Heating Fuels: General Information and Accounting for Excise Duty and VAT.

3.2 Rules regarding the supply of Avtur

Avtur must be used as aircraft fuel, that is, it must be consumed by an aircraft engine. Avtur should not be used for purposes which do not involve combustion of the oil (for example, calibration of fuel systems).

Note: If Avtur is used for meter calibration it should be returned to Avtur stock for ultimate delivery to aircraft.

Whenever you make a supply of Avtur, you must state on your commercial delivery note:

'Delivered fully rebated as fuel for aircraft engines only. HMRC permission must be obtained before diversion to alternative use'.

If you make or sign, or cause to be made or signed, a declaration that is untrue in any way then you could be liable to the following:

- financial penalties
- imprisonment, or
- loss of the rebate of excise duty, or an amount equivalent to the rebate of excise duty involved

3.3 Where can I deliver Avtur?

Unmarked Avtur may be imported to:

- a duty suspended installation at import
- an export warehouse
- dedicated Avtur storage tanks
- storage tanks at airfields for subsequent delivery direct to aircraft

- for use in the design, testing, repair or maintenance of aircraft engines
- armed forces for use in military aircraft, or
- direct to aircraft.

Home-produced unmarked Avtur can be delivered to:

- an export warehouse*
- dedicated Avtur storage tanks
- storage tanks at airfields for subsequent delivery direct to aircraft
- for use in the design, testing, repair or maintenance of aircraft engines
- armed forces for use in military aircraft, or
- direct to aircraft

*Avtur is a finished product which is afforded full rebate on delivery to home use, therefore in common with other finished products it does not usually travel under duty suspension between UK warehouses, therefore movements do not require a W8. However, where Avtur has been warehoused for excise duty purposes it may be delivered to an export warehouse under duty suspension – in these circumstances the W8 duty suspension movement procedures will apply.

3.4 Redesignation of Avtur as marked kerosene

In certain circumstances we allow up to 10 per cent of kerosene delivered as Avtur (that is, unmarked and fully rebated, tax type 551) by cross-country pipeline to be marked at its destination and redesignated as marked kerosene. Normally, such product should be delivered as unmarked kerosene, duty paid at the unrebated rate – tax type 541 – the rebate being claimed when the product has been marked at a Remote Marking Premises at its destination. This concession is intended to overcome operational problems that could otherwise arise with pipeline movements of small parcels of kerosene.

You must obtain HMRC authority before using this concession. If a large business you should contact your Client Relationship Manager (CRM) or otherwise, the Helpline. You will need to satisfy us there is an operational need for this facility, and must ensure that the limits of the concession are not breached.

3.5 Physical security at Avtur distribution and remote marking premises

Avtur storage and distribution sites and remote marking premises are controlled by the occupiers without our continuous supervision. The level of physical security at such installations should be sufficient to guard against illicit removal of produce. Appropriate control must be exercised over product, persons and vehicles, etc., entering and leaving such premises.

Dealers in Avtur, anyone handling product on their behalf and any other third parties must be able to demonstrate to our officer that they have in place procedures, which ensure:

- the safe custody of Avtur – a controlled oil – in their charge
- that all persons employed at, or using, the premises are aware that the installation may contain controlled oil, and
- that all persons understand that any unauthorised removal of controlled oil, or action which avoids the proper charge of duty, is a revenue offence

Details of appropriate warning notices are shown at Notice 179 Appendix C.

4 Which parts of the Registered Dealers in Controlled Oils, (RDCO) scheme will apply if I trade in Avtur?

Important information

Parts of this section of the notice have the force of law under the following legislation:

- Regulation 8 (2) of the Hydrocarbon Oil (Registered Dealers in Controlled Oil) Regulations 2002, and
- The Revenue Traders (Accounts and Records) Regulations 1992.

The sections of this notice that have the force of law are indicated by being placed in a box.

4.1 Am I required to register as an RDCO?

Persons dealing in Avtur (including dry brokers) will not be able to carry on this activity unless they are registered and approved by us as RDCO's. There are also obligations under the scheme to ensure that Avtur is supplied only to intermediate dealers who are RDCO registered and to legitimate end users.

Currently we will not require the submission of returns from dealers registering under these new provisions. We will monitor our risk assessment of Avtur supplies and review this relaxation periodically. See paragraph 4.4 below for Exclusions.

4.2 What if I am already an RDCO?

Dealers who are already registered under the scheme and are also dealers in Avtur will be required to submit an additional HO4 application form stating that they are Avtur dealers. This should be obtained from our website or the following address:

HM Revenue & Customs
Mineral Oil Reliefs Centre
Building 4, BP4002
Benton Park View
Longbenton
Newcastle upon Tyne
NE98 1ZZ

Dealers will also have to provide details of the trading names and premises that they use for their Avtur business. These dealers will retain the same RDCO approval number and will not be required to include Avtur transactions on their monthly RDCO return.

4.3 How do I register?

Dealers in Avtur not currently registered under the RDCO scheme will be required to apply for registration. This should be done via form HO4 which is available from the NAS, or copies can be downloaded from our website.

Applicants will be issued with an approval certificate and an RDCO number. For further information on the application process please see chapter 4 of Notice 192.

4.4 Exclusions

Sales at the wing tip

All businesses involved in the supply of Avtur from importation or refining through to delivery to the aircraft are included within the RDCO scheme. However, occasionally ownership of the Avtur supply changes at the point of delivery/loading onto the aircraft (often referred to as ‘at the wing tip’ and referred to in the industry as ‘flash sales’). An example would be where a UK supplier of Avtur delivers fuel to an aircraft, but at the wing tip (point of delivery) sells the fuel to an agent acting on behalf of the airline. The agent then makes the final supply to the airline.

As this type of transaction takes place at (or after) delivery to the aircraft, currently we will not seek to include these agents within the RDCO scheme.

End Users

The RDCO scheme does not include end users of the Avtur, although end users do have a duty to ensure the correct treatment of any Avtur put to use other than as aircraft fuel. See section 6 of this Notice for more information.

4.5 RDCO’s duty of care

The following text has the force of law
You will need to undertake checks to ensure that you supply controlled oil only to customers who have a legitimate use for the volume of controlled oil that they wish you to supply.

This is a legal obligation imposed under the RDCO Regulations 2002, Regulation 8 (2).

4.6 RDCO’s obligations when supplying Avtur

The following text has the force of law
You will need to undertake checks to ensure that you supply controlled oil only to customers who have a legitimate use for the volume of controlled oil that they wish you to supply.

This condition of approval is imposed under Regulation 5 (3) of the RDCO regulations 2002.

This sub-section explains the information that you need to obtain and the checks that you will need to make in accordance with this duty. If there are any indicators that the oil you are supplying is not for legitimate use but you still make that supply, this could result in penalties.

A list of indicators is included in section 10 of this notice.

You will need to be able to demonstrate that you have acted in accordance with this guidance. This will include considering how it is reflected in your management, business processes and systems (for example, ISO 9000), operating and training procedures and practices. If an area of weakness is identified, you will need to be able to show that you have taken remedial action within a reasonable time.

Expiry of the UK's derogation on private flying in Nov 2008 has led to additional obligations on those who supply Avtur that may be used for private flying. More details on these obligations can be found in section 4.23

4.7 Retention of information in respect of supplies of Avtur

In addition to the usual accounting records covered in section 8 of this Notice, under Regulation 6 of the Revenue Trader (Accounts and Records) Regulations 1992 we require additional information to be recorded in respect of Avtur supplies.

The requirements for Avtur are reduced compared to those for other RDCO products and the records you must retain will be determined by the nature of the supply.

This information, as specified below, should be retained in the normal business records, but you are not expected to keep it in a central or dedicated file:

Sales	**Information to be retained in your records**
Sales made to another approved RDCO	• name of customer • delivery/invoice address • customer's RDCO approval number, and • quantity supplied
All other (bulk) supplies	• name of customer • customer's address • customer's post code • invoice address including post code • customer's telephone number – see paragraph 4.8 • terms of payment • if appropriate, delivery address including post code – see paragraph 4.8 • if collected, customer's vehicle registration number • quantity supplied
Supplies direct to aircraft	• delivery note signed by an authorised representative of the airline or aircraft • Aircraft identification number

HMRC may, for control reasons, impose further requirements by way of conditions on the information that you are required to keep. Such conditions will be notified to you in writing.

4.8 Provision of information by customers

We recognise that some information will not be relevant to certain customers and therefore you will not be able to provide it. There may also be instances where your customer is unable to readily provide certain information.

Information	Action taken
Phone number	If you do not hold a customer's phone number as part of your normal business practice, we will not insist that you obtain it for our purposes. If a phone number is obtained and this is just a mobile phone number, this should be considered with other indicators under section 10 in deciding whether to make a supply.
Post code of delivery	If you are dealing with a new customer who does not have their postcode readily available, you do not have to insist upon the customer producing it at that time. You should ask the customer to supply it as soon as possible. For new customers, we expect you to hold this information by the time of the third delivery. But where deliveries are irregular we would expect the information to be held earlier than this. Failure to capture this detail within a reasonable period may result in a penalty for failure to exercise your duty of care, particularly if you continue to supply.

4.9 Customers who refuse to supply information

The following text has the force of law
As an RDCO, you have a duty of care when selling or delivering controlled oil and must therefore take all reasonable precautions and exercise reasonable care to ensure that you only make supplies to customers who have a legitimate use for that oil.

The failure of customers to give requested information would be reasonable grounds for suspicion that the customer intends to misuse the oil. Although it is your decision whether you make the supply, you should bear in mind that without this information you will not be able to comply with your obligations to us, nor will you be able to undertake checks to satisfy yourself that the customer will not misuse the oil. You may, therefore, leave yourself open to penalties.

4.10 Discharging obligations

Merely recording this information does not discharge your obligations.

Although gathering this information will provide some of the material necessary upon which to make a decision about the legitimacy of the supply, you will still need to make that judgement based upon the indicators outlined in section 10 of this notice.

This means that under Regulation 8 (2) of the RDCO Regulations 2002 you must carry out the checks in paragraph 4.11 appropriate to your supply to satisfy yourself that the customer, and stated use of the oil, is legitimate.

4.11 Guidance on the Standard Checks

There are a number of checks that you probably already undertake in line with CAA requirements and good commercial practice, such as credit checks. However, you must perform the following minimum checks in order to satisfy us that you have taken reasonable steps to ensure the legitimacy of the supply. You should read this in conjunction with section 10, which gives identifiers of suspicious end use.

The following text has the force of law
Under the conditions imposed under Regulation 8 (2) of the RDCO Regulations 2002 when buying, selling, loading, unloading, delivering, moving or holding controlled oil you must undertake the Standard Checks outlined below.

The Standard Checks

Type of Supply	**Action to be taken**	**When?**
Supplies made to another approved RDCO	Interrogate our secure internet site to confirm customer details or call our hotline and record the call.	If new customer, check before making supply; If a confirmed RDCO and supplies continue, check quarterly to confirm approval has not been withdrawn where the period between orders is over three months, treat as if a new customer.
	If supplies are picked up: mark the vehicle registration number on the copy load ticket	Every time delivery is made.

All other supplies	Check the oil is not put directly into a road vehicle. Notify us of any suspicions immediately. See also the information requirements in para 4.7	Every time delivery is made.

4.12 Checklist to identify suspicious end use

The following text has the force of law
There are circumstances, especially in combination, which could give rise to suspicion that a customer for rebated fuel may be misusing the product. These circumstances, which have been identified by the industry, are detailed in section 10. If any of these indicators are present at the point of ordering you should report the facts to Customs, Regulation 9 (2) of the RDCO Regulations 2002; see paragraph 4.18.

4.13 Recording checks

If any of these indicators are identified after making a supply, report the facts to HMRC see paragraph 4.18, and make records of the suspicious circumstances and the action taken.

The following text has the force of law
Under Regulation 6 of the Revenue Traders (Accounts and Records) Regulations 1992, you will need to record these checks in order to satisfy us that you have carried them out.

Based on the checks you have made and the existence of any indicators in section 10, you should notify Customs of the information that you have gathered and the reason for your decision if you decide not to supply. You should do this on the form found in section 12.

4.14 Customers not entitled to receive controlled oil or using it for an improper purpose

The following text has the force of law
If you have either a suspicion based on the checks carried out in paragraph 4.11or

you have evidence that the customer is making improper use of the controlled oil, by using it as a road fuel, you have a duty as an RDCO to notify us immediately under conditions imposed by Regulation 9 (2) of the RDCO Regulations 2002.

You are advised not to supply this customer if you suspect that he does not have a legitimate use for the oil, under conditions imposed under Regulation 8 (2) RDCO Regulations 2002, unless we advise you otherwise.

4.15 Cause for concern after supply

When considering whether you have contravened the RDCO regulations or failed to comply with conditions, restrictions or requirements (including any duty of care imposed on you in paragraph 4.5 above), the extent to which you have followed the guidance set out in paragraph 4.11 will be taken into account by HMRC.

Provided that this is not a regular occurrence and you:

- notify us immediately
- obtained the information set out in paragraph 4.7
- undertook the checks set out in paragraph 4.11, and
- made the supply in good faith.

We will not hold you liable for any penalties, or other sanctions. However, we may ask you to review your procedures.

4.16 What should I do if I am concerned that the controlled oil I have supplied will be misused?

The following text has the force of law
If you have any cause for concern that controlled oil you have supplied may be misused you should notify us without delay of the customer name, address, post code and VAT number (if known), and details of the type and quantity of oil supplied (Regulation 9 (2) of the RDCO regulations 2002).

You should cease to make any further supplies to that customer until you have carried out the additional checks, see section 10. If these checks yield sufficient information to enable you to satisfy yourself that the cause for concern was groundless, you may resume supplies to that customer.

4.17 Checks carried out by your staff

You are responsible for your staff and you will need to ensure that they are aware of the checks that they should be carrying out before making the supply. As an added precaution you should consider introducing your own management checks to ensure that your staff are making these checks and are exercising proper judgement in making the supply.

Similarly, in case where employees are found to have been in collusion with a fraudulent customer, you are ultimately responsible for your employees. However, providing you notify us immediately you become aware of the situation we will take due regard of the action that you take against the employee, which may include dismissing the employee, reporting the matter to the police, etc.

4.18 Notifying HM Revenue & Customs

The following text has the force of law
You should notify us immediately of the customer name, address and post code and the quantity and type of oil ordered when making the decision not to supply, or receiving information after supply, which casts doubt on the legitimacy of your customer; (Regulation 9 (2) RDCO Regulations 2002).

You should do this by completing the forms in section 12, which you can then send us in one of the ways described there.

For urgent notification – Customs Hotline – 0800 59 5000.

We will confirm receipt of the form and provide you with a unique reference number, which you should note in your records.

4.19 Decisions on liability

It is not the intention of the scheme to penalise you for genuine mistakes. In considering whether any action against you is appropriate we will take into account your overall compliance with the scheme, the nature of the failing which led to you making the supply and any other mitigating circumstances.

Where your failings resulted from non-compliance with the scheme, for example failure to obtain any of the information at paragraph 4.7 and/or failure to undertake any of the checks set out in paragraph 4.11, we will investigate the cause to establish any reasonable excuse. If, however, there are no mitigating circumstances or your failings persist it is likely that we will take escalating action such as the issue of warning letters followed by civil penalties. In the most serious cases we may also consider revocation of your RDCO authorisation.

Section 7 sets out the penalties, sanctions and guarantees.

4.20 Legal proceedings

We may, in exceptional cases take legal proceedings against you. For example, if you were knowingly involved in the supply and misuse of controlled oil we will take action against you. Such action is necessarily dependent on us having obtained sufficient evidence against you to support a prosecution.

4.21 Customer violence

Although it is a matter for your judgement whether or not to supply, we would not want you to put yourself or your staff at risk. Therefore, if you do decide to supply we will not hold you liable providing you notify us immediately.

Customs Hotline – 0800 59 5000.

4.22 Supplying a suspicious or fraudulent customer

The (exceptional) circumstances under which we may ask you to make a supply to a suspicious or fraudulent customer to assist us in enforcement action are governed by strict rules. We will not routinely ask you to continue making such supplies, nor should you act upon any request from our staff to do so unless you are in possession of a written agreement.

4.23 Avtur used in private pleasure-flying

The expiry of the derogation in Nov 2008 gave rise to the requirement to charge the full rate of duty on fuel used for private pleasure-flying. Users of Avtur for private pleasure-flying are now required to pay 'an amount equal to the rebate', which we shall refer to as 'duty', to HMRC.

This has led to changes in the treatment of Avtur supplies and has placed an obligation on suppliers to draw the attention of the purchaser to the requirement to pay the duty to HMRC, if they believe that the Avtur being supplied may be used for private pleasure-flying.

You therefore must ask the purchaser for the details of fuel’s intended use. If the fuel will be used for private-pleasure flying then you are required to obtain a signed and dated declaration from the purchaser to that effect and retain it with your records for future inspection by HMRC. If the purchaser states that it is not for private pleasure-flying then no declaration is required but your records must be noted to that effect.

Some supplies will be clearly for commercial/business purposes and many suppliers will also know their regular customers. It is only if the final use is in doubt, or where the fuel is clearly for pleasure-flying, that you need to ask for a declaration.

Suppliers are not responsible for paying the duty. The user must pay HMRC directly within 30 days of the declaration date.

The wording of the required declaration is:

‘I declare that some or all of the kerosene purchased is to be used for private pleasure-flying. I am aware that, on the quantity of kerosene used for private pleasure-flying, I have a legal obligation to pay to HM Revenue and Customs an amount equal to the rebate allowable on a like quantity of kerosene at the time of this declaration.’

You may decide how you wish to incorporate such a declaration into your records, for example on a sales invoice. Whichever method is adopted the declaration must be signed and dated by the purchaser with their address details. It must also contain your name, address and quantity of Avtur supplied.

More information on the removal of the derogation and its effect on the supplies of Avtur for private flying can be found in Public Notice 554 Fuel used in private pleasure craft and for private pleasure-flying**.**

5 Inward Processing Relief (IPR) for Avtur

5.1 General

For detailed information regarding Inward Processing Relief you should refer to Notice 221. All the requirements and procedures described in that notice are relevant. This section merely aims to explain certain aspects of the application to Avtur.

Stringent and unique handling, storage, sampling and distribution requirements are imposed in relation to Avtur. In view of this it has been taken that Avtur is subject to a form of processing other than ‘usual forms of handling’ for the purposes of eligibility for Inward Processing Relief.

Production of Avtur in the UK and EU is insufficient to meet demand, so importations from outside the EU are essential. For this reason, operation of the IPR regime is often an important factor in facilitating business. Applications for IPR approval in respect of Avtur should be made under economic code 01.

Due to the nature of Avtur and the manner in which it is stored and distributed the physical separation of product that is subject to the IPR regime from product that is not may often be impractical. Furthermore it may not be possible to maintain stock records that differentiate Avtur that is in free circulation from Avtur which has been declared to IPR. If this is the case it will be necessary for any IPR approval to include authorisation for equivalence (Notice 221 section 7).

5.2 Discharging Avtur from the IPR arrangements

You must retain detailed records of all consignments of Avtur that are declared to the IPR regime on importation. In order to discharge your liability you must dispose of IPR goods in an eligible manner; in the case of Avtur this will usually be achieved by transferring it for use as fuel on foreign going flights. Fuel supplied for use on non-EC or intra-EC flights discharges IPR. Supplies for use on flights solely within the UK are not eligible.

It is essential that you are able to monitor and control the volumes of product that are subject to the regime. In order to discharge your IPR obligations you must be able to demonstrate that the volume of IPR Avtur, or equivalent free circulation Avtur, loaded onto foreign going flights equals or exceeds the volume declared to IPR on importation during a given throughput period.

You will require evidence of eligible deliveries in the form of commercial documentation, which must be sufficient to provide an audit trail confirming the receipt of the Avtur as fuel aboard foreign going aircraft. Unless otherwise agreed in writing with HMRC, commercial documents used to supply the fuel must clearly state the IPR holder's authorisation number, the quantity of fuel, the aircraft flight number and destination. The authorisation holder should also obtain a stamped receipt from the aircraft operator. The exact form of evidence required will be considered during the application process and stipulated on your authorisation.

6 Avtur not used as fuel for aircraft engines.

6.1 Can Avtur be used for any other purpose?

The local office must be informed in advance if it is to be:

- used or disposed of other than as fuel for aircraft engines, or
- disposed of because it has been rejected for use as aircraft fuel (because, for example, it has become contaminated or accidentally mixed).

In either case, the oil is no longer classed as Avtur but is unmarked kerosene. If Avtur is used or disposed of other than as fuel for aircraft engines then one of the following will apply:

- duty must be paid at the unrebated heavy oil rate (see note below)
- the Avtur must be marked. This must take place at an approved warehouse or marking site. If waste Avtur is uplifted please see Notice 179 Motor and Heating Fuels: General Information and Accounting for Excise Duty and VAT for further details

- the Avtur must be filtered and returned to bulk AVTUR stock (where permitted under CAA or other regulations), or
- the Avtur must be returned to duty suspended storage.

Note: Dealers approved for deferment of oils excise duty may account for duty on form HO10. Otherwise duty should be paid immediately on form W50 at the National Warrant Processing Unit:

NCH Post Clearance Unit
H M Revenue & Customs
1st floor/Annex
Custom House
Furness Quay
Salford
M50 3XN

6.2 Can a refund of duty be obtained on rejected Avtur?

If the full rate of duty has been previously paid on rejected Avtur before any marking takes place, a refund of the duty can be applied for after marking. However, if Avtur is returned to duty suspension or to remote marking premises there will be no duty credit as the original delivery would have been at the fully rebated (nil) duty rate.

6.3 Are there any penalties if Avtur is used/disposed of other than as fuel for aircraft engines?

HMRC must be contacted prior to use or disposal of Avtur as outlined above. If this is not done, the full rate of duty may have to be paid and penalties may also be appropriate.

7 Sanctions and penalties

7.1 General

We have the power to take action against you as explained in paragraph 7.3, 7.4 and 7.5.

The action detailed in these paragraphs has the force of law.

In the majority of cases, the sanctions and penalties in paragraphs 7.3, 7.4 and 7.5, will be the final stages in an escalating scale of action against you. This will depend on the contravention but we would expect that withdrawal of approval would be the exception rather than the rule. Depending on the circumstances, the scale of action will be as follows:

Stage	Action New RDCOs	Action Established RDCOs
1.	In the first instance, education based visits.	
2.	Warning (reminder) letter.	Warning (reminder) letter.
3.	Civil penalties (if appropriate).	Civil penalties (if appropriate).
4.	Withdrawal of approval.	Withdrawal of approval.

All of these stages will be well documented and you will be given written notification at each stage. If you feel that you have a ‘reasonable excuse’ for any particular failing you should make your case in writing and we will take it into account in deciding whether the sanction should be maintained.

7.2 Education based visits

Other than for serious offences, such as fraud, we have adopted a policy to educate new RDCO dealers before taking any action.

7.3 Warning (reminder) letters

These will be issued where education based visits to new RDCOs have failed to resolve non-compliance. If warning (reminder) letters have also failed to resolve the non-compliance, with both new or established RDCO dealers, we may proceed to civil penalties and ultimately, withdrawal of approval.

7.4 Civil penalties

The penalties available to us are civil penalties of £250 for each contravention including, where appropriate, daily penalties of £20. Daily penalties will be applied from the 46th day after the original penalty was imposed if it remains unpaid.

Situations where such penalties may be imposed include failure to:

a) exercise a suitable duty of care, and

b) make incomplete and inaccurate records.

7.5 Withdrawal of approval

This situation is likely to arise where we are not satisfied, or are no longer satisfied, that you are a suitable person to be approved.

We are likely to cancel your approval if:

- It is considered necessary for the protection of the revenue because, for example, you have been involved in the misuse of controlled oil. In such cases, we are likely to prosecute you.

- You persistently fail to meet the requirements of the scheme. However, this is likely to be the final step following a series of warning letters and civil penalties.

We will notify you in writing of our intention to cancel your approval. Depending on the nature of the offence or contravention, we may consider allowing your approval to continue (subject to conditions) pending the outcome of any prosecution or appeal.

Subject to the exclusion provisions, you will not be entitled to receive or distribute controlled oils after your approval has been cancelled.

Any decision to revoke an approval will not be taken lightly and will be fully supported by written evidence. In such cases, we will set out our reasons for refusing or revoking your approval in a letter.

7.6 What if I disagree?

The above sanctions are subject to the review and appeal provisions contained in the Finance Act 1994. If we impose any of these sanctions we will offer you a review and tell you about your right of appeal.

If you accept the review offer, but do not agree with the review conclusion you will still be able to appeal to the independent tribunal. More information on our review and appeal procedures are available on our website What to do if you disagree with HMRC decisions.

7.7 Assessments to the repayment of rebate

We have the power to issue a revenue assessment to any person who:

- uses controlled oil in a road vehicle, or

- is the person liable for the oil being taken into a road vehicle

Providing you, as a dealer, are not involved in the fraudulent misuse of the controlled oil, you will not be liable for the duty involved. Consequently, we would not seek recovery of duty from you. This applies even where you may have failed to carry out any checks, although in cases of such negligence you may render yourself liable to other sanctions such as a civil penalty or ultimately withdrawal of approval.

This will be established by reference to your compliance with the requirements of this notice.

7.8 Criminal proceedings

If you are involved in fraudulent activity in contravention of any of the relevant Customs and Excise acts we will seek to prosecute. The extent of the evidence available will determine such action. Such proceedings may also seek to recover from you repayment of rebate. There are severe penalties for fraud, unlimited fines and up to seven years imprisonment.

8 Accounts and records

8.1 What accounting records must be kept?

If you supply or use Avtur, you must keep suitable stock and commercial records and make them available at our request. You must also show in your records how you have disposed of the fuel, for example:

- to other suppliers or users
- as fuel for your own aircraft engines, or
- in other ways (but see section 6)

Para 8.3 outlines the records that you must keep.

8.2 What units of quantity must I use?

You should normally declare the quantities in standard (at 15°C) litres. However, there are relaxations that may apply (see Appendix I of Notice 179).

8.3 What information is required?

You will need to keep the information referred to in section 4, in particular the details of customers you have supplied and the checks that you have carried out (para 4.11) and declarations obtained (Para 4.23)

The following particulars are normally to be included:

(a) **Receipts and deliveries**

- Date and movement.
- Name and address of the consignor and consignee.
- Identifying particulars of the carrying ship or vehicle.
- Quantity and description of the oil.

- Distinguishing marks and numbers of the vessels or places where the oil is stored (receipts only).

(b) **Usage**

- Date of use.
- Quantity of oil used.
- Any losses in transit.

(c) **Oil destroyed**

- Date of destruction.
- Place and manner of destruction.
- Quantity and description of the oil.
- Whether the oil has been returned after delivery duty paid.

(d) **Oil marked**

The accounts required are detailed in Notice 179 section 8 but are reproduced below.

- 1. The quantities of marker, or composite solutions, received, and details of the supplier(s).
- 2. The quantities of marker, or composite solutions, added each day to gas oil, kerosene, or light oil, and the quantities of each description of oil to which they have been added.
- 3. Details of the actual stocks of marker or composite solution held at the premises at the end of each calendar month, and at any time that our officer may require.

8.4 How long must I keep my records?

You must normally keep your business records for six years. If this causes problems ask either your CRM or the Helpline if you can keep some of your records for a shorter period. You must get our agreement before destroying any of your relevant business records that are less than six years old.

8.5 Do I have to keep paper records?

No. You can keep your records on microfilm or microfiche provided the records are legible and you provide the necessary facilities to read the records. You can also keep your records on a computer. Our officers will need to see the appropriate technical documentation as part of their visit. Notice 206 has more information.

9 Dealing with HMRC

9.1 What can I expect from HMRC?

We will normally make an appointment to see you, and we will try to make our visit with as little disruption to your business as is possible.

When we make our appointment we will tell you:

- who we want to see
- what records we want to see
- how long we think that the visit will take

You can find out more detailed information about how we visit businesses in Notice 989 Visits by Revenue & Customs Officers.

9.2 What do HM Revenue & Customs expect from me?

We expect you to maintain your records in good order and allow our officers entry to your premises. We also expect you to have a duty of care to the taxpayer as well as to your customers. It would be helpful if you let us know if you believe oil is being misused. If you have any information you can contact the Customs Hotline on 0800 59 5000.

9.3 What about Health and Safety?

You must comply with all the legal provisions relating to health and safety, such as the Health and Safety at Work Act 1974. These provisions may include the need to display warning notices, and to issue health and safety instructions, to both staff and visitors.

If you issue special equipment, or protective clothing, to your staff when they are undertaking activities such as handling, inspecting, or sampling oils, then you must provide similar clothing and equipment to our officers when they undertake the same activities.

9.4 What powers do HMRC officers have?

Our officers may:

- at any reasonable time enter premises used in connection with the carrying on of a business (Customs & Excise Management Act 1979)

- enter and inspect any entered or approved premises and any vehicle on those premises (HOR s47)
- inspect, sample, examine, and, test oils.(Hydrocarbon Oil Regulations 1973)
- require the production of your business records, and remove or take copies of those records (Revenue Trader (Accounts and Records) Regulations 1992.

If you obstruct, hinder, molest, or assault an officer in the course of their duty then you may be liable to either an unlimited fine, up to two years imprisonment or both.

10 Checklist to identify suspicious end use

The following indicators to help identify suspicious supplies has been drawn up by the Federation of Petroleum Suppliers and endorsed by the United Kingdom Petroleum Industry Association, Association of United Kingdom Oil Independents and the United Kingdom Oil Industry Taxation Committee.

Concerns at the point of ordering

- mobile telephone number given as the only point for contact
- new customer with an apparent lack of concern with product price
- payment to be made in cash, by Bankers Draft, by fuel card or with a cheque from someone else
- sudden large increase in volumes purchased by an established customer or increased frequency of repeat orders
- delivery required into a road tanker, or other temporary storage, or to a number of seemingly unconnected delivery points
- large quantities of rebated fuel ordered by a transport company, and
- aggressive/evasive responses to requests for detail

Suspicions should be passed on to delivery staff, via management, for possible corroboration during delivery (but only with caution).

Concerns at the point of delivery

Inappropriate product for the apparent site requirements, such as:

- site occupied by the operator of a fleet of diesel-powered road vehicles, such as taxis, coaches, etc., or subject to frequent visits by such vehicles

- nervous or unusual behaviour by persons on site, possibly with excessive site security for the type of business
- location known to several drivers (especially those of other companies) or other indications of frequent/multiple deliveries
- delivery required into a tank with a draw-off point at the bottom

Suspicions, or confirmed suspicions, must be reported back to management for action; under no circumstances should they be made apparent to the customer.

11 Warning notices to be displayed at duty-suspended mineral oil installations and remote marking premises

11.1 Duty-suspended installations

Note: HM Revenue & Customs previously referred to duty-suspended installations as Bonded Installations. Existing warning notices, which refer to 'Bonded Installations' will continue to fulfil the requirements of this notice. Any replacement(s) of existing notices should comply with the revised wording below.

Warehouse keepers and producers must ensure that sufficient warning notices in bold format are prominently displayed in such a way that all employees, carriers or visitors cannot fail to see them. The following notice is acceptable:

Duty-suspended installations - Warning notice (PDF 45K)

11.2 Remote marking premises

Operators should display warning notices in such a manner that all employees, carriers or visitors cannot fail to see them. The notices are to be in bold format and in the following text:

Remote marking premises - Warning notice (PDF 28K)

12 Forms for reporting suspicious transactions

The minimum checks necessary to discharge your obligations in the supply of controlled oil are set out in section 5.14 of Notice 192. On occasion, despite the precaution of standard checks being followed there will be circumstances (especially in combination), which could give rise to suspicion that a customer may be misusing the product. These circumstances, which have been identified by the industry, are detailed in section 12 of Notice 192.

If you have any suspicions about a customer to whom you have supplied oil you should notify us as soon as possible. You can do this by:

- phoning our dedicated 24 hour Customs Hotline 0800 59 5000
- our secure website at: Customs Hotline - Information report form guide
- using our freefax number: 0800 528 0506
- sending the information to: Freepost SEA 939, PO Box 100, Gravesend, Kent DA12 2BR
- emailing customs at **customs.hotline**

Form for reporting suspicious transactions (PDF 38K)

Do you have any comments or suggestions?

We would be pleased to receive any comments or suggestions you may have about this notice. Please write to:

HM Revenue and Customs
Oils Policy
3rd Floor West
Ralli Quays
3 Stanley Street
Salford
M60 9LA

Please note this address is not for general enquiries.

For your general enquiries please phone the Helpline on **0845 010 9000.**

Putting things right

If you are not satisfied with our service, please let the person dealing with your affairs know what is wrong. We will work as quickly as possible to put things right and settle your complaint. If you are still unhappy, ask for your complaint to be referred to the Complaints Manager.

For further information about our complaints procedures go to **www.hmrc.gov.uk** and under ‘quick links’ select ‘Complaints’.