



Company cars - advisory fuel rates from 1 December 2010 - update

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HMRC has announced its intention to publish new advisory fuel rates, to take effect from 1 March 2011, in view of the substantial increase in fuel prices since 1 December 2010.

In light of the recent level of increases in UK average fuel pump prices since 1 December 2010, HM Revenue & Customs will be publishing new advisory fuel rates shortly. These will take effect from 1 March.

These rates apply to all journeys on or after 1 December 2010 until further notice, allowing them to reflect fuel prices more quickly. For one month from the date of change, employers may use either the previous or new current rates, as they choose. Employers may therefore make or require supplementary payments if they so wish, but are under no obligation to do either.

Engine size	Petrol	Diesel	LPG
1400cc or less	13p	12p	9p
1401cc to 2000cc	15p	12p	10p
Over 2000cc	21p	15p	15p

Petrol hybrid cars are treated as petrol cars for this purpose.

These rates are calculated from the fuel prices in the tables below:

Petrol

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 1400	47.4	42.6	119.0	540.9	12.7	13
1400 - 2000	40.2	36.2	119.0	540.9	14.9	15
over 2000	28.2	25.4	119.0	540.9	21.3	21





Diesel

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 2000	53.9	48.5	122.7	558.0	11.5	12
Over 2000	41.5	37.3	122.7	558.0	15.0	15

LPG

Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 1400	37.9	34.1	66.4	301.9	8.9	9
1400 - 2000	32.2	29.0	66.4	301.9	10.4	10
over 2000	22.6	20.3	66.4	301.9	14.9	15

Notes:

1. Mean mpg - miles per gallon - from manufacturers' information, weighted by annual sales to businesses (Fleet Audits, 2009).
2. Applied mpg - adjusted downwards by 10 per cent to take account of real driving conditions and lower fuel economy for older cars.
3. For LPG, mpg is assumed to be 20 per cent lower than for petrol due to lower volumetric energy density.
4. Department for Business, Innovation & Skill's latest petrol and diesel prices (22 November 2010), LPG (UK Average) from AA website (November 2010).

Will the rate per mile figures change if fuel prices go up or down?

The rates are reviewed twice a year. Any changes will take effect on 1 June and 1 December and will be published on the HM Revenue & Customs (HMRC) website shortly before the date of change. HMRC will also consider changing the rates if fuel prices fluctuate by 5 per cent from the published rates when each review is made and we consider the price change will be sustained.

Employers should make themselves aware of any changes by referring to this page in late May and November each year. It is the primary source of information.

VAT

Customs will also accept the figures in the table for VAT purposes though employers will need to retain receipts in line with current legislation.

