

# Spring Statement Response - Fuel Duty 2022/23

The Chancellor of the Exchequer announced that UK Fuel Duty would be temporarily reduced.

The Chancellor of the Exchequer announced today that UK Fuel Duty would be temporarily reduced by 5p per litre from 6pm today. Fuel Duty will therefore go down to 52.95p per litre. The Chancellor added that the reduction will last until the end of March 2023.



If inflation and the cost of fuel continue to remain high, the Chancellor may be forced into revisiting this announcement.

'Although this is welcome news, I would suggest that this does not go far enough to help businesses in the UK' said Andrew Thurston, Customs Duty Senior Manager with MHA.

'The UK's freight and transport sectors have suffered from Covid and Brexit and this announcement will not be enough to ease the pressure on costs due to the surge in oil prices across the globe.'



As shown below, the cost of filling up an average HGV lorry has increased by over 20% in the last 3 months. The 5p reduction will only reduce this increase by 3.4%. Additional costs have to be passed through the supply chain resulting eventually in increased prices to consumers.

'One hopes that this is the start of a period of review' said Andrew. 'If inflation and the cost of fuel continue to remain high, the Chancellor may be forced into revisiting this announcement. If oil prices continue to remain at record levels, the 5p reduction is a drop in the ocean to UK businesses and consumers.'

## SCANIA - R580

Fuel Tank Capacity (ltrs):	1250
Cost of fuel on 04/01/22*	£1.49
Cost of fuel on 21/03/22*	£1.79
Cost of to fill up (Jan '22)	£1,862.50
Cost of to fill up (now)	£2,237.50
Difference:	£375.00 (20.1%)
Fuel Duty (57.95ppl)	£724.38
Temporary 5p Duty relief	£62.50
VAT saving on fuel relief	£12.50
Total savings	£75.00 (3.4%)

## KIA Sportage

Fuel Tank Capacity (ltrs):	62
Cost of fuel on 04/01/22*	£1.45
Cost of fuel on 21/03/22*	£1.67
Cost of to fill up (Jan '22)	£89.90
Cost of to fill up (now)	£103.54
Difference:	£13.64 (15.2%)
Fuel Duty (57.95ppl)	£35.93
Temporary 5p Duty relief	£3.10
VAT saving on fuel relief	£0.62
Total savings	£3.72 (3.6%)

\* Figures for fuel prices taken from RAC (<https://www.rac.co.uk/drive/advice/fuel-watch/>)

## Control now, freedom tomorrow

Managing your tax affairs in a complex and evolving tax system is a challenge that needs sound planning and good advice. Whether for compliance or long-term planning, business or personal affairs, we have a solution.

For a more in-depth look at the upcoming tax changes, go to: [mha-uk.co.uk/spring-2022-forecast-statement](https://mha-uk.co.uk/spring-2022-forecast-statement)

Now, for tomorrow

