



HM CUSTOMS AND EXCISE
<http://www.hmce.gov.uk>

Notice 172

Excise duty drawback - ships and aircraft stores

March 2002 - This notice has an update at the end of this document

This notice cancels and replaces Notice 172 (June 1989). Details of any changes to the previous versions can be found in paragraph 1.1 of this notice.

Further help and advice

If you need general advice or more copies of Customs and Excise notices, please ring the **National Advice Service** on **0845 010 9000**. You can call between **8.00 am and 8.00 pm, Monday to Friday**.

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

If you would like to speak to someone in **Welsh**, please ring **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:

- 206 *Revenue traders records*
- 207 *Excise duty drawback*

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1. Introduction

1.1 What is this notice about?

This notice explains what “drawback of excise duty on ship’s and aircraft stores” is. It also explains what you have to do to be entitled to claim drawback, and how to make a claim.

It has been rewritten to improve its readability, but the technical content has not changed from the June 1989 edition.

This notice and others mentioned are available both on paper and on our Internet website at www.hmce.gov.uk.

1.2 Who is this notice for?

This notice is for:

- ship operators and suppliers of oil for use as ship or aircraft stores; and
- operators, and pilots, of certain aircraft making foreign flights.
- If you export excise duty paid oils on a commercial basis, (that is, as cargo), you should read Notice 207 (*Excise Duty Drawback*).

1.3 When can I claim drawback?

You can claim drawback on oils, including mixtures of oils when they are:

- loaded into a ship, or aircraft, for use as stores on a foreign voyage or flight; or
- placed in a tax warehouse for use as ships’ or aircraft stores (please read Notice 207).
- Provided that the excise duty has already been paid on the oil.

1.4 When can’t I claim drawback?

You cannot claim drawback if the oils, or mixtures of oils:

- have not borne excise duty;
- have been relieved of excise duty under another scheme such as Tied Oils Relief (see Notice 184A) Marine Voyages Relief (see Notice 263); or
- bear a NIL rate of excise duty (for example, Avtur).

1.5 Can I claim drawback of customs duty and VAT?

No. However you might be entitled to relief from Customs Duty in some circumstances. Notice 221 (Inward Processing Relief) gives more details. Notice 703 (*VAT: Exports*), tells you how to obtain relief from VAT.

1.6 What is the relevant law?

- The Hydrocarbon Oil Duties Act 1979, section 15;
- The Customs and Excise Management Act 1979, sections 61, and 132 – 137;
- The Excise Goods (Drawback) Regulations 1995 (SI 1995 No 1046); and
- The Revenue Traders (Accounts and Records) Regulations 1992 (SI 1992 No 3150 as amended).

1.7 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 drawback goods, then you must provide similar clothing and equipment to our officers when they undertake the same activities.

2. claiming drawback

2.1 How do I claim drawback?

You claim drawback by submitting one of the forms shown below:

Form	Description
HO60	Aviation fuel loaded on foreign-going aircraft for use on the flight.
HO65A	Aviation fuel loaded on foreign-going aircraft for use on the flight – schedule of flights
HO66	Mineral Oil for use as ship's stores on foreign going voyages

There are guidance notes on the forms to help you complete them, but there are some additional requirements that you need to meet.

2.1.1 Ships

- (a) If you are drawing back the excise duty paid on heated heavy oils, you need to make your claim in standard litres. A standard litre is a litre of oil at a temperature of 15°C and a pressure of 1013.25 millibars.
- (b) If you have to:
 - calculate the volume from weight; or
 - convert litres to standard litres then.

you must work out the density and temperature by using one of the methods recommended by the Institute of Petroleum, or the Standardisation of Tar Products Tests Committee. In these circumstances, we recommend that you use the American Society for Testing Materials – Institute of Petroleum (ASTM-IP) tables. We cannot accept claims based on notional factors

2.1.2 Aircraft

If you are making a claim for light oil, you should submit your claim on the same basis that the duty was charged.

2.2 Why might my claim be rejected?

If you submit a claim that has not been converted to litres, it will not be processed, and will be returned to you.

Additionally, your claim will be rejected if:

- it does not bear an original signature;
- it has been received outside the time limits (see 2.3 below); or
- the claim is incomplete.

Remember that you cannot claim drawback of excise duty:

- in excess of what was originally paid;
- before the excise duty has been paid;
- if you are claiming relief from excise duty under any other scheme;
- for any part of a journey within the UK prior to departure to a destination outside of the UK; or
- in the case of aircraft, on any flight where the aircraft does not land abroad.

2.3 Are there time limits for making claims?

Yes. You must submit your claim within 2 years of the date of export. We cannot pay any claims submitted after this.

2.4 Do I have to tell Customs if I intend to export duty paid oils as stores?

No. You don't have to give "Notice to Pack". Please bear in mind that we may inspect, sample, and test oil.

2.5 Where do I get my claim form from, and where should I send it?

Claim forms should be obtained from:

HM Customs and Excise National Advice Service (0845) 010 9000, or from our website (www.hmce.gov.uk), and sent to:

HM Customs and Excise
Mineral Oil Reliefs Centre
Dobson House
Regent Centre
Newcastle Upon Tyne
NE3 3PF

3. Evidence for claiming drawback

3.1 What should I ask my supplier for?

If the duty has been paid, you may not know what rate of duty has been paid. If you have not paid the duty yourself, you should ask your supplier to provide a statement showing the rate of excise duty paid on each type of oil within each consignment that you receive.

You should keep invoices and any other documents that you receive with your commercial records so that our officer can verify your claims.

Note because your supplier has charged you a particular price for a particular type of oil, it does not necessarily follow that duty has been paid.

3.2 What do I do if I manufacture or deal in oil?

For each consignment that you send out, you should supply your customers with accurate statements of the proportion of duty paid oil, and the rate of duty that was paid.

If you are claiming drawback, you must keep detailed records of the receipt and use of mineral oil.

Your records must show the:

- name and address of the person who sold the oil to you;
- description of the oil; and
- quantities used.

3.3 What evidence of loading or shipment is needed?

- the order for the oil to be used as stores must show that the ship, or aircraft, is entitled to duty free stores for the journey in question. The order must be placed by the owner, master, commander, or duly authorised agent, of that craft;
- a receipt for the oil stores must be signed by a responsible officer, and must be validated by the ship's stamp or other agreed form of authentication. The receipt should also bear a statement confirming your entitlement to duty free stores. (This will normally be in the form of a pre-printed statement on the delivery note);
- if you are submitting individual claims on HO60's, then these should where possible, be supported by invoices, or delivery notes; and
- invoices will not be returned to you unless you specifically request their return.

3.4 What happens if the duty rates change?

This will normally happen at Budget time, and you can then choose one of two options:

- (a) keep separate physical stocks and records, clearly showing which duty rate was paid upon which stocks. Your claims must clearly state which rate is being used; and
- (b) maintain a "stock exhaustion account". This should show the volume of oil held at Budget time, and you should submit drawback claims at the pre-Budget rate until that oil stock has been exhausted. Your claims should clearly show the duty rate used.

If the excise duty rate is reduced you must make claims at the lower rate of excise duty, after the date upon which the lower rate comes into force.

3.5 What records should I keep?

As a revenue trader, you must comply with the Revenue Trader (Accounts and Record) Regulations 1992 (please read Notice 206) As a drawback trader, you must be able to show that the oils have:

- borne excise duty at the rate claimed;
- been loaded as stores, and that they;
- will not be subject to a claim for relief of excise duty under any other scheme.

You must keep your records for at least six years. If this causes you problems, please speak to our officer. You may keep your records on microfilm or microfiche, provided that the records are legible and you provide the necessary facilities to read the records. You may also keep your records on a computer. Our auditing officers will need access to the appropriate technical documentation at the time of their visit.

4. Special Conditions

4.1 Are there any restrictions on entitlement to drawback for ships and ship's stores?

Yes. Commercial vessels are entitled to claim drawback on ship's stores in the following circumstances:

- They must be:
- not less than 40 tons net register tonnage (NRT);
- leaving the UK for a port outside of the UK; or
- leaving the UK for an area of open sea outside of the "Box" (the seas bounded by the latitudes 48°30'N and 61°1'N and longitude 12°0'W, the Skagerrak and the Kattegat); or are
- tugs of less than 40 tons NRT, but not less than 200 tons gross, leaving the UK for a port outside of the UK.
- Pleasure craft may **not** claim drawback on mineral oils shipped as stores **unless** they are departing on a voyage outside of Home Trade limits that is, south of Brest, or north of the north bank of the Elbe.

4.2 Are there any restrictions on entitlement to drawback for aircraft stores?

Yes. You may not claim drawback on the oils consumed on any flight where the aircraft does not land abroad.

Additionally, you may only claim the **lower** of the tank capacity of the aircraft, **or** the amount of fuel for which you have evidence of loading since your last arrival from foreign.

5. Dealing with customs and excise

5.1 Visits by HM Customs and Excise

Our officers will deal with you courteously, and they will endeavour to give you any assistance that you require to meet your obligations to the Department. The advice that they give you will be the same that they would give to any other business in the same situation. They will not discuss your business, duty, or tax affairs with anyone else.

Our officers will make appointments to verify your records, we ask that you have all of your relevant records available at the time of the visit.

5.2 Officers Powers

- Our officers may:
- at any reasonable time enter premises used in connection with the carrying on of a business (***Customs and Excise Management Act 1979***);
- inspect, sample, examine, and, test oils. (***Hydrocarbon Oil Regulations 1973***);
- require the production of your business records, and remove or take of copies of those records. (***Revenue Trader (Accounts and Records) Regulations 1992***).

5.3 Penalties

If you:

- obtain, or attempt to obtain, drawback in excess of the amount due; or
- make or sign, or cause to be made or signed, a declaration relating to the drawback, which is untrue in any material particular.

Then you could be liable to the following:

- financial penalties;
- imprisonment; or
- loss of the drawback involved.

Additionally if you obstruct, hinder, molest, or assault an officer in the course of their duty then you may be liable to:

- an unlimited fine;
- up to 2 years imprisonment; or
- both.

6. Glossary

Avgas	Aviation Gasoline, is light oil that is specifically produced as fuel for aircraft, is not normally used in road vehicles, and is delivered solely as fuel for aircraft.
Avtur	Aviation Turbine Fuel is heavy oil used to fuel Jet aircraft. It bears a nil rate of excise duty, when delivered for that use so you cannot claim drawback on this type of aircraft fuel.
Drawback	The repayment of excise duty on mineral oil when it is exported, shipped as stores, or deposited in a tax warehouse for use as stores.
Excise Duty	The United Kingdom (UK) revenue duty charged on both UK produced and imported mineral oil. It is charged at a specific rate on the quantity of the oil (ie x pence per litre). The rate charged depends upon the description of the oil.
Mineral (Hydrocarbon) Oil	Petroleum oil, coal tar, and oil produced from coal, shale, peat, or any other bituminous substance, and all liquid hydrocarbons, but does not include hydrocarbons, or bituminous, or asphaltic substances which are: <ul style="list-style-type: none"> • solid or semi-solid at a temperature of 15°C; or • gaseous at a temperature of 15°C and under a pressure of 1013.25
Light Oil, Mineral Oil	(a) of which not less than 90% by volume distils at a temperature not exceeding 210°C; or (b) which gives off a flammable vapour at a temperature of less than 23°C when tested in the manner prescribed by the Acts relating to petroleum.
Heavy Oil	Mineral Oil other than light oil.
Notice to Pack	Advance notification to HM Customs and Excise of your intention to export duty paid oil.
Our Officer	An Officer of HM Customs and Excise.
Person	Includes a partnership, and a limited company
Pleasure craft	A vessel that is used for private recreational purposes
Standard Litre	A litre of oil measured at a temperature of 15°C and pressure of 1013.25 millibars.
Stores	Are goods for use in a ship or aircraft including fuel
Tax Warehouse	A place where oils are held in duty suspension before delivery. Tax Warehouses used to be called "Bonded Warehouses".
UK	The United Kingdom of Great Britain and Northern Ireland. But not the Channel Islands or the Isle of Man.

Do you have any comments?

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

**HM Customs and Excise
Oils Environmental Taxes Regimes
3 West
Ralli Quays
3 Stanley Street
SALFORD
M60 9LA**

If you have a complaint or suggestion

If you have a complaint please try to resolve it on the spot with our officer. If you are unable to do so, or have a suggestion about how we can improve our service, you should contact one of our Regional Complaints Units. You will find the telephone number under 'Customs and Excise - complaints and suggestions' in your local telephone book. Ask for a copy of our code of practice 'Complaints and putting things right' (Notice 1000). You will find further information on our website at <http://www.hmce.gov.uk>.

If we are unable to resolve your complaint to your satisfaction you can ask the Adjudicator to look into it. The Adjudicator, whose services are free, is a fair and unbiased referee whose recommendations are independent of Customs and Excise.

You can contact the Adjudicator at:

**The Adjudicator's Office
Haymarket House
28 Haymarket
LONDON
SW1Y 4SP**

**Phone: (020) 7930 2292
Fax: (020) 7930 2298
E-mail: adjudicators@gtnet.gov.uk
Internet: <http://www.adjudicatorsoffice.gov.uk/index.htm>**

Update 1 March 2003

**Errors in the Notice currently causing confusion for the Trade.
Greater clarification required.**

2 Claiming drawback

2.3 Are there time limits for making claims?

Delete 1st paragraph:

‘Yes. You must submit your claim within 2 years of the date of export. We cannot pay any claims submitted after this.’

Replace with:

‘Yes. You cannot make a claim if the event giving rise to the drawback claim, for example, export or destruction, happened more than 3 years after the excise duty was originally paid.

You should also ensure that you submit your claim within 2 years of the date of the event giving rise to the claim. We cannot pay claims submitted after this.’