



## Payment of Fuel Duty to HMRC for Private Pleasure flying

### Overview

I need to bring to the attention of SueAir pilots that there is a legal requirement binding on pilots flying aircraft using Jet A1 to pay excise duty to HM Revenue & Customs (HMRC) for fuel used during any 'private pleasure flight'.

This document gives further detail on what needs to be done. In basic summary, if you fly within the UK for private pleasure (as opposed to e.g. training - see more details below regarding exclusions) you have to account within 30 days to HMRC for duty on the fuel used. This is a personal legal obligation on the pilot.

The reason for this is that Jet A1 supplied to aircraft in the UK is sold free of duty at the point of sale (and thus in part this accounts for its significantly lower cost than Avgas, in respect of which the duty is paid as part of the purchase price). From November 2008, the above requirement to pay duty if applicable became law.

Because this increases the cost to pilots of certain flights, SueAir will offset that cost in part as provided below.

In summary, therefore, pilots need to do the following:

- Categorise their flight on the booking form and tech log; and
- If the flight does not fall within an exemption, pay the duty direct to HMRC using the relevant form.

This note:

- 1) Gives a link to HMRC's publication on Excise Duty which explains the legislation
- 2) Explains the type of flights that are undertaken in SueAir planes
- 3) Explains how to calculate and pay fuel duty and gives links to HMRC's payment form HO105 and form HO60 (to claim fuel duty back for an international flight)
- 4) Sets out how to record the type of flight on the various SueAir documents
- 5) Sets out reductions to hire rates for private pleasure flights to help mitigate the impact of fuel duty

*Important note: SueAir cannot give legal or taxation advice. Therefore while this note is a good faith summary, it should not be relied on as a comprehensive statement of the law on payment of duty by pilots. Pilots should review the underlying HMRC publication and if in doubt take their own legal/tax advice. In particular SueAir assumes no liability for this note being inaccurate or incomplete in its summary of the legal position.*

### 1) Excise Notice 554

HMRC's notice 554 gives information and guidance on the fuel duty and a link is below: <https://www.gov.uk/government/publications/excise-notice-554-fuel-used-in-private-pleasure-craft-and-for-private-pleasure-flying>

Sections 2 to 9 cover boats and are therefore not relevant.

### 2) Type of flights

Section 16 of Excise Notice 554 (see link in section 1 above) defines private pleasure flying and also gives examples of flights that are not considered to be private pleasure flying and therefore eligible for full fuel duty relief. For SueAir pilots, I've identified the following types of flight:



Full fuel duty relief flights (i.e. no duty payable/no documentation needs be filed):

- a) Flights with an instructor on board for training, which includes: refresher training, gaining a new rating, training to revalidate or renew a rating
- b) Flights with an examiner on board for a test for a new rating or to revalidate or renew a rating
- c) Flights for business e.g. to meet a customer or to attend a meeting
- d) Flights to/ from Bournemouth (or such other airport that the engineers are located at) for maintenance work to be carried out
- e) Flights for private use where you are returning to the UK from a destination that is outside the UK (see next section for further explanation of "outside the UK")

Flights that fall into type a) to e) above are eligible for full fuel duty relief. Therefore, you do not need to pay duty to HMRC for these flights.

Full fuel duty relief flights (i.e. no duty payable/but subject to paperwork to net off payment and reclaim):

- f) Flights for private use to destinations that are outside the UK

Flights that fall into type (f) require duty to be paid but it can then immediately be claimed back in full, so this becomes a paperwork exercise (see section 3 below). Clearly flights to Continental Europe are "outside the UK". In addition, flights to the Channel Islands and Isle of Man are reclaimable. Flights to the Scilly Isles, Northern Ireland and Isle of Wight are not reclaimable.

Flights on which duty is payable (form needed and payment within 30 days)

- g) Flights for private use within the UK

Pilots are responsible for paying duty to HMRC for flights that fall into type g) and section 3 explains how to do this.

Note: Flights "for the carriage of passengers or goods for consideration for transportation services provided" can only be conducted under an AOC so I would not anticipate any flights in SueAir aircraft falling into this category. A pilot may share his hire cost with his passengers and this is a private pleasure flight (type e), f) or g) in the above list).

### **3) How to calculate and to pay fuel duty**

For flights within the UK for private use the pilot is responsible for paying the fuel duty to HMRC by 30<sup>th</sup> day of the month following the flight. To do this you must submit form HO105:

<https://www.gov.uk/government/publications/fuel-duty-payment-of-duty-on-aviation-turbine-fuel-used-for-private-pleasure-flying-ho105>

The above link explains how you pay the duty to HMRC either on-line or by post.

Guidance on completing form HO105 can be found [here](#).

It is possible to accurately determine how much fuel you use in a SueAir plane as this is recorded in the G1000. If you need help on how to do this, please let me know. If you accidentally forget to programme the G1000 to record the fuel on board at the beginning of your flight, I suggest you use 25 litres per hour for G-SUEO and 42 litres per hour for G-SUEI as a rule of thumb. These figures are for your take off to landing time (i.e. the times recorded in the tech log) and SueAir planes use very little fuel for taxiing so this fuel use can be disregarded.



You are entitled to claim back drawback of Excise Duty on fuel used if you land abroad. For these flights, pilots need to complete form HO105 and submit this to HMRC (either on-line or by post - see above link) but they should complete form HO60 (either on-line or by post) at the same time to claim back the fuel duty due. The net result is that no payment needs to be made to HMRC. A link to form HO60 is below:  
<https://www.gov.uk/government/publications/excise-claim-for-drawback-of-duty-paid-on-oils-used-as-fuel-on-foreign-going-aircraft-ho60>

Guidance on completing form HO60 can be found [here](#).

#### **4) How to record your type of flight on the various SueAir documents**

##### Aircraft Tech Log

Pilots are asked to put a letter in the column headed "Type of Flight" to identify the type of flight undertaken as follows:

P = Private flight within the UK

I = Private flight landing outside the UK or returning from outside the UK

T = Flight for training or for a test. NB an instructor or an examiner must be present and his name together with the hirer's name should be put in the PIC column. You can log the flight as P1 in your log book if acceptable to your instructor or examiner.

B = Flight for business

M = Flight to drop off/ collect a plane for maintenance or a ferry flight in a plane to drop off/ collect another plane to/ from maintenance

Pilots are asked to initial (if relevant) the final column headed "Initial if entered "P" in column 18". You are initialling that you acknowledge you have a legal obligation to pay (and will pay) the correct amount of Fuel Duty directly to HMRC within 30 days of your flight.

##### On-line SueAir Booking System

When you make a booking, please can you indicate in the "Special Requests" field the type of flight you will be undertaking using one of the 5 letters shown above. I appreciate that you will not always know your destination in advance and in this situation, if it is a private flight, please put "P or I". The type of flight will then be captured on the Tech Log form.

#### **5) Hire rates for private pleasure flights**

To help mitigate the cost of the Fuel Duty payable to HMRC for current SueAir pilots, for each future flight in category "P", I will reduce the hire rate paid per hour (or give you a cash credit if you have purchased a block of hours) as follows:

G-SUEO: £6.00 + VAT@20% = £7.20

G-SUEI: £10.10 + VAT@20% = £12.12

This means that approximately half the Fuel Duty payable will be absorbed by the reduced hire rate.

**SueAir  
July 2017**