



Press Release

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Construction Industry Calls For Tax Reduction On Green Fuels

Civil engineering contractors today called on Government to accelerate the transition away from red diesel by supporting the construction industry's commitment to genuinely lower carbon fuels.

From April 2022, construction companies will no longer be able to take advantage of the rebate on red diesel for off road plant.

With limited alternatives available this hike will not reduce carbon emissions as companies shift to normal 'white' diesel but will be an additional burden on already struggling construction firms, hampering their ability to deliver the infrastructure we need.

A Civil Engineering Contractors Association (CECA) member survey found that the new rules will cost each SME construction firm between £250,000 and £600,000 per year with nearly half of the businesses worried about their ability to continue trading.

Lower carbon alternative fuels are available, including some hydrogenated vegetable oil (HVO), but from April 2022 will also be taxed at full rate, acting as a barrier to uptake as a lower carbon alternative.

CECA Director of External Affairs, Marie-Claude Hemming commented: "While the Government has legislated to remove the tax rebate on construction's red diesel use, it has also removed any incentive for greener fuels.

"This policy increases tax revenues but no longer provides the option to choose lower carbon alternatives in the first instance.

"CECA believes that in order to meet environmental goals, genuinely lower carbon fuels should be exempt from the same tax levels as standard fuels.

"Our members recognise their responsibility to protect the environment for future generations. We are keen to work with Government and fuel suppliers to ensure that genuinely lower carbon fuels are used across the whole of the construction industry, helping us build and maintain the modern and reliable infrastructure we need."

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Notes to Editors

1. The Civil Engineering Contractors Association (CECA) represents the bulk of those companies who build and maintain our roads, railways, power stations and water treatment plants. Its member firms employ 250,000 people and deliver £15 billion worth of work annually.
2. The UK Government has legislated to remove the tax rebate for the use of red diesel in construction in April 2022. Other sectors which continue to use the fuel will remain exempt. <https://www.gov.uk/government/publications/reform-of-red-diesel-entitlements/reform-of-red-diesel-and-other-rebated-fuels-entitlement>
3. Lower carbon alternative fuels are already available at a rebated level, including some hydrogenated vegetable oil, but from April 2022 will be taxed at full rate, acting as a barrier to uptakes of lower carbon alternative.

For more information, please contact Huston Gilmore on 0207 340 0450 or e-mail hustongilmore@ceca.co.uk

Civil Engineering Contractors Association (CECA)

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