

# Company cars - advisory fuel rates from 1 July 2008

These figures give about one month's notice of the changes and apply to all journeys on or after 1 July 2008 until further notice.

We have agreed with employers that we should give them one month's notice of a change in advisory fuel rates so that they can amend their systems in good time to implement the new rates. Accordingly we are announcing these new rates in time for implementation on 1 July. However, the recent fuel price increases which justify these AFR changes have happened very rapidly. In these unusual circumstances we are mindful that an implementation date of 1 July might mean that drivers will be incurring higher fuel prices before the new rates become effective. Consequently, where employers are able to do so, HMRC is content for the new rates to be implemented immediately ie from 1 June.

Engine size	Petrol	Diesel	LPG
1400cc or less	12p	13p	7p
1401cc to 2000cc	15p	13p	9p
Over 2000cc	21p	17p	13p

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	48.9	44.0	114.8	521.8	11.9	12
1400 - 2000	39.5	35.6	114.8	521.8	14.7	15
over 2000	27.8	25.0	114.8	521.8	20.9	21

Diesel						
Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 2000	50.7	45.7	127.2	578.3	12.7	13
Over 2000	38.2	34.4	127.2	578.3	16.8	17

LPG						
Engine size (cc)	Mean MPG	Applied MPG	Fuel price (per litre)	Fuel price (per gallon)	Pence per mile	AFR
up to 1400	39.1	35.2	57.1	259.6	7.4	7
1400 - 2000	31.6	28.5	57.1	259.6	9.1	9
over 2000	22.2	20.0	57.1	259.6	13.0	13

## Notes:

1. Mean mpg - miles per gallon - from manufacturers information, weighted by annual sales to businesses (Fleet Audits, 2006).
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, Enterprise & Regulatory Reform's latest petrol and diesel prices (26 May 2008), LPG from AA website (May 2008).

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

With effect from the January 2008 change, the rates will be reviewed twice a year. Any changes will take effect on 1 January and 1 July but will be published on the HMRC website about one month in advance.

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 June and December 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.

Further information is available for:

- [earlier rates](#)
- [use of rates](#)



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