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RAC response to 2015 Summer Budget: the fuel duty freeze

RAC chief engineer David Bizley said: “By freezing fuel duty for the rest of the year the Chancellor has continued his good record of helping to ease the travel and transport costs of individual motorists and businesses alike, but this sounds alarm bells for next year as by not extending the freeze further it potentially signals the country’s first increase in duty since 2011.

“While oil prices are expected to stay low, the oil market is notoriously hard to predict so there is always the chance that fuel prices will be considerably higher by the time of the Budget in March 2016 and any increase in duty

would therefore have a negative effect on the economy.

"The Treasury's own evidence shows that there is a compelling economic case for retaining a freeze on fuel duty because it is a hugely inefficient way of raising additional revenues for the Treasury. The report from April 2014, 'Analysis of the dynamic effects of fuel duty', indicates that the loss of additional taxation revenues resulting from the freeze is offset to a significant extent by the positive impact that lower fuel prices have on GDP.

"Equally, if fuel duty is increased the benefit is offset to a significant extent by the negative impact that higher fuel prices has on GDP. Separate independent studies also highlight the clear link that exists between the cost of fuel and economic growth. If new evidence now exists that contradicts this, we call on the Treasury to make this publicly available for scrutiny."

The press office email address is press.office@rac.co.uk and media centre is at media.rac.co.uk. **Please note:** the press office is unable to help with individual customer enquiries - please visit the [RAC contacts page](#) to find the right contact.

About the RAC

The RAC, an iconic UK brand, provides complete peace of mind to nearly 14 million UK private and business drivers, whatever their motoring needs. As well as its premium nationwide breakdown assistance service – with an expert branded patrol workforce attending more than two million breakdowns every year – it offers a wide range of market-leading products across insurance, legal services, vehicle inspections and service, maintenance and repair. Included in this is the first-of-its-kind nationwide Mobile Mechanics service which brings the garage to homes and workplaces.

At the forefront of new solutions for business fleets and consumers, the RAC's breakdown service is electric-ready with mobile EV charging technology and can be called on using [myRAC](#) – the all-in-one route planner, fuel finder and breakdown reporting app.

Visit the [RAC website](#).

Contacts



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