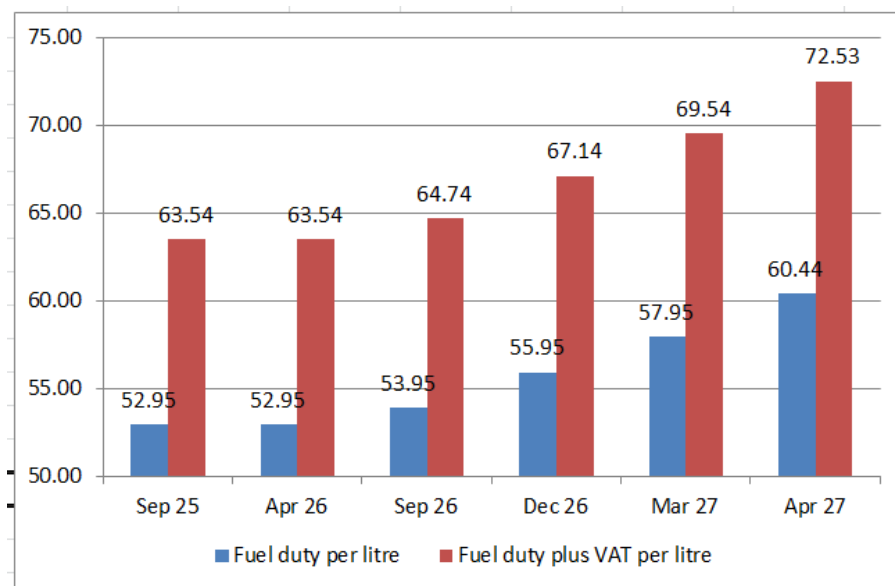
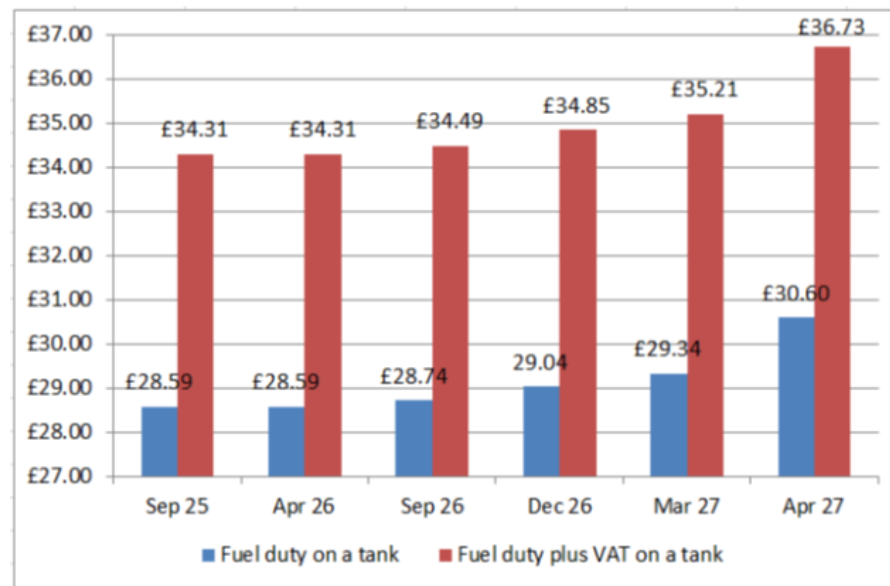


End of the fuel duty cut and freeze

In the Chancellor's Autumn Budget 2025 statement on 26th November 2025 she announced the **end of the 5p cut** and the **revival of the annual RPI increase** in the rate of fuel duty.



Fuel duty rates before and after VAT is added (pence per litre)



Cost of fuel duty for a tank of unleaded before and after adding VAT

Fuel Duty freeze and return of the RPI annual increase on fuel duty

The Chancellor confirmed in her Autumn Budget 2025 statement that fuel duty freeze, which has been in place since 2011, will remain until the end of August 2026. After this point, the five pence cut, first brought in back in 2022 to help ease the burden of exceptionally high fuel prices on drivers at that time, will be reversed in a "staggered approach". A 1p increase on 1st September 2026, a 2p rise on 1st December 2026 and another 2p rise on 1st March 2027. The planned inflation increase for 2026-27 to fuel duty will not take place but the Government will be uprating fuel duty rates by the Retail Prices Index (RPI) from April 2027.

Removing the 5p cut in fuel duty was expected but the return of the RPI annual increase on fuel duty was a slight surprise. The charts above show how the fuel duty will rise from now until April 2027 and the costs of fuel duty in a full tank of unleaded petrol in an MGBGTV8. I think there were clear signs the fuel retailers had not been passing on that 5p cut although to be fair some were and their prices were attractive. The present fuel duty rate of 52.95p/litre or 63.54p with VAT included is a major 47% slice of the cost of a litre of unleaded fuel at say 134.9p/litre. That's around £35 of fuel duty and VAT on an MGBGTV8 tank of £73.

See our report on the Autumn Budget 2025. [Link](#)