

## Vehicle excise duty: tax disc display waiver

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### Who is likely to be affected?

This measure will affect vehicle owners who pay for or make eligible requests for nil rate vehicle excise duty (VED) tax discs, including vehicle dealers who pay to renew an existing trade licence tax disc.

### General description of the measure

The measure provides a 14 day waiver on vehicle owners displaying a newly issued tax disc.

### Policy objective

The Government's aim is to secure reductions in its tax disc postage costs to new and existing vehicle owners, including motor traders.

### Background to the measure

Budget 2012 announced that the Government would reduce tax disc postage costs by extending the display grace period to 14 days.

## Detailed proposal

### Operative date

The measure will have effect on and after the date that Finance Bill 2013 receives Royal Assent.

### Current law

Section 33 of the Vehicle Excise and Registration Act 1994 provides a five working days waiver on the requirement to display a vehicle's tax disc, when registered vehicle keepers have applied for a tax disc ahead of their existing disc's expiry or ahead of a statutory off-road notification for their vehicle expiring.

### Proposed revisions

Legislation will be introduced in Finance Bill 2013 to remove the five working days waiver and replace it with a 14 day waiver that applies to all situations in which tax discs must be displayed except for the first issue of a trade licence tax disc. Defunct references to annual off-the-road declarations will also be removed, consistent with the deregulatory policy of once only indefinite declaration.

### Summary of impacts

Exchequer impact (£m)	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18
	-	nil	nil	nil	nil	nil
This measure is not expected to have an exchequer impact.						
<b>Economic impact</b>	The measure is not expected to have any significant economic impacts.					
<b>Impact on individuals and households</b>	The impact on individuals and households is expected to be a negligible change in the waiting time for a tax disc, when applying for a tax disc for a new vehicle through a motor dealer, or when applying for a vehicle's next tax disc by phone or over the internet. Tax disc applicants will still have the choice to receive their disc immediately at the Post Office.					

<b>Equalities impacts</b>	This measure does not have equalities impacts on any protected groups.
<b>Impact on business including civil society organisations</b>	This measure is expected to have a negligible impact on businesses and civil society organisations.  There will be a negligible one-off cost for businesses in familiarising themselves with the change in policy. There will be no change in on-going costs as the processes for businesses to licence their vehicles remains the same.
<b>Operational impact (£m) (HMRC or other)</b>	The Driver and Vehicle Licensing Agency (DVLA) will save at least £1.5 million a year in reduced postage costs.
<b>Other impacts</b>	<u>Small firms impact test</u> : the impact is expected to be positive but negligible.  Other impacts have been considered and none have been identified.

### **Monitoring and evaluation**

The measure will be monitored and assessed alongside the DVLA's broader programme of efficiency reforms.

### **Further advice**

If you have any questions about this change, please contact Jason Donovan on 01792 786860 (email: Jason.Donovan@dvla.gsi.gov.uk).

## 1 Not exhibiting licence: period of grace

- (1) In section 33 of VERA 1994 (not exhibiting licence), omit subsections (1B) to (1D).
- (2) After that section insert –

### “33A Not exhibiting licence: period of grace

- (1) A person is not guilty of an offence under subsection (1) or (1A) of section 33 by using or keeping a vehicle on a public road during any of the following periods.

#### *First registration*

The period of 14 days beginning with the day on which the vehicle is first registered under this Act.

#### *Change of keeper*

The period of 14 days beginning with the day on which a new licence or nil licence is issued for the vehicle because of a change in the person by whom the vehicle is being kept.

#### *Renewal of licence etc.*

The period of 14 days following the time when a licence or nil licence for or in respect of the vehicle, or a relevant declaration applying to the vehicle, ceases to be in force, but only if an application for a licence or nil licence for or in respect of the vehicle to run from that time has been received before that time.

- (2) For the purposes of this section –
  - (a) there is a relevant declaration applying to a vehicle if the particulars and declaration required to be furnished and made by regulations under section 22(1D) have been furnished and made in relation to the vehicle in accordance with the regulations, and
  - (b) the relevant declaration ceases to be in force if, after the particulars and declaration have been furnished and made the vehicle is used or kept on a public road (otherwise than under a trade licence).”
- (3) In consequence of the repeals made by subsection (1), omit section 147 of FA 2008.

**EXPLANATORY NOTE**

**NOT EXHIBITING LICENCE: PERIOD OF GRACE**

**SUMMARY**

1. This clause provides a 14 day waiver on vehicle owners displaying a newly issued tax disc within their vehicle.

**DETAILS OF THE CLAUSE**

2. Subsection (1) removes the existing Vehicle Excise and Registration Act 1994 (VERA) provision of a five working days display waiver, when a keeper of a vehicle has applied for a new tax disc ahead of their existing disc's expiry or ahead of the expiry of a period of statutory off-road notification.
3. Subsection (2) introduces new section 33A to VERA which defines the situations where a tax disc would otherwise have to be displayed, so as to include new vehicles and vehicles that have entered onto the UK register for the first time, vehicles that have changed keepers and vehicles that have been relicensed for continued use on the public road by an existing keeper.
4. These situations embrace the supply of new vehicles by motor dealers, the importation of vehicles by owners that are already or are intending to become permanently resident in the UK, used vehicle sales by and between private owners and by motor dealers where a tax disc is no longer present and a new disc has been applied for to enable a vehicle to be individually used on the public road, as well as the renewal of motor dealers' trade licences.
5. New section 33A to VERA replicates the existing provision on the expiry cessation of a period of statutory off-road notification declared under section 22(1D) of the Act, but by omission removes reference to an annual basis to the declarations.

**BACKGROUND**

6. The clause enables the Driver and Vehicle Licensing Agency to reduce tax disc postage costs by extending the display waiver period and broadening the range of applicable situations. The Agency is centralising its issuing of tax discs onto call centre and internet applications to save administration costs. Tax disc applicants will still have the choice to receive their disc immediately at the Post Office.

## **FINANCE BILL**

7. The Agency is also putting statutory off-road notification declarations onto a once only indefinite basis, to save the owners of laid-up stored vehicles from the burden of annual declaration.
8. If you have any questions about this change, or comments on the legislation, please contact Jason Donovan on 01792 786860 (email: [Jason.Donovan@dvla.gsi.gov.uk](mailto:Jason.Donovan@dvla.gsi.gov.uk)).

## **1 Vehicles not kept or used on public road**

- (1) VERA 1994 is amended as follows.
- (2) In section 7A (supplement payable on vehicle ceasing to be appropriately covered), in subsection (1A)(d) omit “within the immediately preceding period of 12 months”.
- (3) In Schedule 2A (immobilisation, removal and disposal of vehicles), in paragraph 1(10)(b) omit “within the immediately preceding period of 12 months”.

**EXPLANATORY NOTE**

**VEHICLES NOT KEPT OR USED ON PUBLIC ROAD**

**SUMMARY**

1. This clause removes reference in the Vehicle Excise and Registration Act 1994 (VERA) to an annual requirement to renew statutory off-road notifications. This will enable regulations made under that Act to be modified to set notifications on a one-off indefinite basis.

**DETAILS OF THE CLAUSE**

2. Subsection (2) amends section 7A of VERA which provides for a supplement to be payable if a vehicle at any point ceases to be appropriately covered for vehicle excise duty purposes. Specifically, the amendment removes reference to a requirement to renew statutory off-road notification annually in order for the vehicle to remain “appropriately covered”. With the removal of this reference, it will be possible to amend regulations made under VERA which set the requirements for statutory off-road notification. It is the intention to move from an annual notification requirement to a one-off indefinite notification.
3. Subsection (3) makes a similar amendment to Schedule 2A of VERA in relation to the provisions dealing with the release of vehicles immobilised for vehicle excise duty purposes. In certain circumstances, the Schedule provides for the release of vehicles which had a valid statutory off-road notification in place at the time the immobilisation device was fitted. This amendment specifically removes reference to the requirement to renew a statutory off-road notification annually. As above, this will permit the amendment of regulations made under the Act to provide for a one-off indefinite statutory off-road notification.

**BACKGROUND**

4. The Driver and Vehicle Licensing Agency is putting statutory off-road notification declarations onto a once only indefinite basis, to save the owners of laid-up stored vehicles from the burden of annual declaration.
5. If you have any questions about this change, or comments on the legislation, please contact Jason Donovan on 01792 786860 (email: Jason.Donovan@dvla.gsi.gov.uk).