



Vehicle Excise Duty: heavy goods vehicles and reduced pollution certificates

Who is likely to be affected?

Owners and operators of heavy goods vehicles (HGVs) within the HGV Road User Levy and other vehicles with reduced pollution certificates (RPCs), including buses.

General description of the measure

Vehicle Excise Duty (VED) rates for HGVs within the HGV Road User Levy will be reduced and re-structured. RPC VED discounts will be withdrawn over time.

Policy objective

The measure will reduce VED to offset the cost of the HGV Road User Levy. RPC VED discounts are being withdrawn to support both these reforms and the environmental integrity of the VED system.

Background to the measure

The Department for Transport consulted on the introduction of the levy for HGVs of 12 tonnes and over, and the principle of an accompanying reduction in VED rates and cessation of RPC VED discounts in October 2012.

The measure was announced at Budget 2013.

The HGV Road User Levy Act 2013 implements the Levy from 1 April 2014, introducing a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK.

Detailed proposal

Operative date

The reductions in HGV VED rates will apply to vehicle licences taken out on and after 1 April 2014.

RPC VED discounts conforming with the Euro I, II and III pollutant emissions standards will cease with effect from 1 April 2016, except for HGVs in the Levy whose discounts will cease with effect from 1 April 2014.

RPC VED discounts conforming with the Euro IV, V and VI standards will cease with effect from 1 January 2017, except for HGVs in the Levy whose discounts will cease with effect from 1 April 2014 – grants will apply to these vehicles until 31 December 2016.

Current law

Parts III, VI and VIII of Schedule 1 to the Vehicle Excise and Registration Act 1994 (VERA) set rates of VED for HGVs, and discounted rates of VED for reduced pollutant emissions buses and HGVs.

Proposed revisions

Legislation will be introduced in Finance Bill 2014 to amend Schedule 1 to VERA to reduce VED rates for HGVs.

Schedule 1 to VERA will also be amended to set cessation dates for RPC VED discounts.

Secondary legislation will change the definition of HGVs' maximum permissible laden weight so that HGV VED bandings bring the maximum number of HGVs into the lowest possible mandatory rates of taxation under European law.

Summary of impacts

Exchequer impact (£m)	2013-14	2014-15	2015-16	2016-17	2017-18
	nil	+25	+25	+25	+25
	These figures were set out in Table 2.1 of Budget 2013 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Budget 2013.				
Economic impact	The measure is not expected to have any significant economic impacts				
Impact on individuals and households	This measure does not affect private owners of HGVs over 12 tonnes who do not use their vehicles for commercial purposes.				
Equalities impacts	This measure is not expected to impact on the equality of groups with protected characteristics.				
Impact on business including civil society organisations	This measure is expected to result in negligible one-off costs as businesses and civil society organisations familiarise themselves with the rate change and update administrative systems.				
Operational impact (£m) (DVLA)	A cost of £2 million is expected for managing and implementing changes to Driver and Vehicle Licensing Agency operational systems.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

The measure will be kept under review through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact Andy West on 020 270 4697 (email: andy.west@hmtreasury.gov.uk).

1 Six month licence: tractive units

- (1) In section 3 of VERA 1994 (duration of licences), for subsection (2) substitute—
 - “(2) A vehicle licence may be taken out for a vehicle for a period of six months running from the beginning of the month in which the licence first has effect if—
 - (a) the annual rate of vehicle excise duty in respect of the vehicle exceeds £50, or
 - (b) the vehicle is one to which the annual rate of vehicle excise duty specified in paragraph 11C(2)(a) of Schedule 1 applies (tractive units: special cases).”
- (2) The amendment made by this section has effect in relation to licences taken out on or after 1 April 2014.

2 Vehicles subject to HGV road user levy: amount of 6 month licence

- (1) Section 4 of VERA 1994 (amount of duty) is amended as follows.
- (2) In subsection (2), for “Where” substitute “Subject to subsection (2A), where”.
- (3) After subsection (2) insert—
 - “(2A) In the case of a vehicle which is charged to HGV road user levy, the reference in subsection (2) to fifty-five per cent is to be read as a reference to fifty per cent.”
- (4) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2014.

3 VED rates: vehicles with exceptional loads, rigid goods vehicles and tractive units

- (1) Schedule 1 to VERA 1994 (annual rates of duty) is amended as follows.
- (2) In paragraph 6(2A)(a) (vehicles used for exceptional loads which do not satisfy reduced pollution requirements), for “£2,585” substitute “£1,585”.
- (3) In paragraph 9 (rigid goods vehicles which do not satisfy reduced pollution

requirements), for the table in sub-paragraph (1) substitute –

<i>“Revenue weight of vehicle</i>		<i>Rate</i>		
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>	<i>(5)</i>
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Two axle vehicle</i>	<i>Three axle vehicle</i>	<i>Four or more axle vehicle</i>
<i>kgs</i>	<i>kgs</i>	<i>£</i>	<i>£</i>	<i>£</i>
3,500	7,500	165	165	165
7,500	11,999	200	200	200
11,999	14,000	95	95	95
14,000	15,000	105	95	95
15,000	19,000	300	95	95
19,000	21,000	300	125	95
21,000	23,000	300	210	95
23,000	25,000	300	300	210
25,000	27,000	300	300	300
27,000	44,000	300	300	560”

- (4) In paragraph 9(3) (rigid goods vehicles over 44,000 kgs which do not satisfy the reduced pollution requirements), for “£2,585” substitute “£1,585”.
- (5) For the italic heading immediately before paragraph 9 substitute “*Rigid goods vehicles exceeding 3,500 kgs revenue weight*”.
- (6) In paragraph 11(1) (tractive units which do not satisfy reduced pollution requirements) –
 - (a) for “table” substitute “tables”, and

(b) for the table substitute –

“TABLE 1

TRACTIVE UNIT WITH TWO AXLES

<i>Revenue weight of vehicle</i>		<i>Rate</i>		
(1)	(2)	(3)	(4)	(5)
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Any no of semi-trailer axles</i>	<i>2 or more semi-trailer axles</i>	<i>3 or more semi-trailer axles</i>
<i>kgs</i>	<i>kgs</i>	<i>£</i>	<i>£</i>	<i>£</i>
3,500	11,999	165	165	165
11,999	22,000	80	80	80
22,000	23,000	84	80	80
23,000	25,000	151	80	80
25,000	26,000	265	100	80
26,000	28,000	265	146	80
28,000	31,000	300	300	80
31,000	33,000	560	560	210
33,000	34,000	560	609	210
34,000	38,000	690	690	560
38,000	44,000	850	850	850

TABLE 2

TRACTIVE UNIT WITH THREE OR MORE AXLES

<i>Revenue weight of vehicle</i>		<i>Rate</i>		
(1)	(2)	(3)	(4)	(5)
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Any no of semi-trailer axles</i>	<i>2 or more semi-trailer axles</i>	<i>3 or more semi-trailer axles</i>
<i>kgs</i>	<i>kgs</i>	<i>£</i>	<i>£</i>	<i>£</i>
3,500	11,999	165	165	165
11,999	25,000	80	80	80
25,000	26,000	100	80	80

Revenue weight of vehicle		Rate		
(1)	(2)	(3)	(4)	(5)
<i>Exceeding</i>	<i>Not exceeding</i>	<i>Any no of semi-trailer axles</i>	<i>2 or more semi-trailer axles</i>	<i>3 or more semi-trailer axles</i>
<i>kgs</i>	<i>kgs</i>	<i>£</i>	<i>£</i>	<i>£</i>
26,000	28,000	146	80	80
28,000	29,000	210	80	80
29,000	31,000	289	80	80
31,000	33,000	560	210	80
33,000	34,000	609	300	80
34,000	36,000	609	300	210
36,000	38,000	690	560	300
38,000	44,000	850	850	560"

- (7) In paragraph 11(3) (tractive units above 44,000 kgs which do not satisfy reduced pollution requirements), for “£2,585” substitute “£1,585”.
- (8) In paragraph 11C(2) (tractive units: special cases) –
- omit “Subject to paragraph 11D,”, and
 - in paragraph (a), for “£650” substitute “£10”.
- (9) Omit paragraph 11D (vehicles without road friendly suspension) and the italic heading before it.
- (10) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2014.

4 VED rates: rigid goods vehicle with trailers

- (1) For paragraph 10 of Schedule 1 to VERA 1994 (supplement to annual rate of duty for rigid goods vehicle with trailer), substitute –
- “10 (1) This paragraph applies to relevant rigid goods vehicles.
- (2) A “relevant rigid goods vehicle” is a rigid goods vehicle which –
- has a revenue weight exceeding 11,999 kgs,
 - is not a vehicle falling within paragraph 9(2), and
 - is used for drawing a trailer which has a plated gross weight exceeding 4,000 kgs and when so drawn is used for the conveyance of goods or burden.
- (3) The annual rate of vehicle excise duty applicable to a relevant rigid goods vehicle is to be determined in accordance with the following tables by reference to –
- whether or not the vehicle has road-friendly suspension,

-
- (b) the number of axles on the vehicle,
 - (c) the appropriate HGV road user levy band for the vehicle (see column (1) in the tables),
 - (d) the plated gross weight of the trailer (see columns (2) and (3) in the tables), and
 - (e) the total of the revenue weight for the vehicle and the plated gross weight of the trailer (the “total weight”) (see columns (4) and (5) in the tables).
- (4) For the purposes of this paragraph a vehicle does not have road-friendly suspension if any driving axle of the vehicle has neither –
- (a) an air suspension (that is, a suspension system in which at least 75% of the spring effect is caused by an air spring), nor
 - (b) a suspension which is regarded as being equivalent to an air suspension for the purposes under Annex II of Council Directive 96/53/EC.
- (5) The “appropriate HGV road user levy band” in relation to a vehicle means the band into which the vehicle falls for the purposes of calculating the rate of HGV road user levy that is charged in respect of the vehicle (see Schedule 1 to the HGV Road User Levy Act 2013).
- (6) The tables are arranged as follows –
- (a) table 1 applies to relevant rigid goods vehicles with road-friendly suspension on which there are 2 axles;
 - (b) table 2 applies to relevant rigid goods vehicles with road-friendly suspension on which there are 3 axles;
 - (c) table 3 applies to relevant rigid goods vehicles with road-friendly suspension on which there are 4 or more axles;
 - (d) table 4 applies to relevant rigid goods vehicles which do not have road-friendly suspension and on which there are 2 axles;
 - (e) table 5 applies to relevant rigid goods vehicles which do not have road-friendly suspension and on which there are 3 axles;
 - (f) table 6 applies to relevant rigid goods vehicles which do not have road-friendly suspension and on which there are 4 or more axles.

TABLE 1

Vehicles with road-friendly suspension and 2 axles

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
B(T)	4,000	12000	-	27,000	230
B(T)	12,000	-	-	33,000	295
B(T)	12,000	-	33,000	36,000	401
B(T)	12,000	-	36,000	38,000	319
B(T)	12,000	-	38,000	40,000	444
D(T)	4,000	12,000	-	30,000	365
D(T)	12,000	-	-	38,000	430
D(T)	12,000	-	38,000	40,000	444

TABLE 2

Vehicles with road-friendly suspension and 3 axles

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
B(T)	4,000	12,000	-	33,000	230
B(T)	12,000	-	-	38,000	295
B(T)	12,000	-	38,000	40,000	392
B(T)	12,000	-	40,000	44,000	295

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
C(T)	4,000	12,000	-	35,000	305
C(T)	12,000	-	-	38,000	370
C(T)	12,000	-	38,000	40,000	392
C(T)	12,000	-	40,000	44,000	370
D(T)	4,000	10,000	-	33,000	365
D(T)	4,000	10,000	33,000	36,000	401
D(T)	10,000	12,000	-	38,000	365
D(T)	12,000	-	-	44,000	430

TABLE 3

Vehicles with road-friendly suspension and 4 or more axles

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
B(T)	4,000	12,000	-	35,000	230
B(T)	12,000	-	-	44,000	295
C(T)	4,000	12,000	-	37,000	305
C(T)	12,000	-	-	44,000	370
D(T)	4,000	12,000	-	39,000	365
D(T)	12,000	-	-	44,000	430
E(T)	4,000	12,000	-	44,000	535

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
E(T)	12,000	-	-	44,000	600

TABLE 4

Vehicles without road-friendly suspension with 2 axles

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	£
B(T)	4,000	12000	-	27,000	230
B(T)	12,000	-	-	31,000	295
B(T)	12,000	-	31,000	33,000	401
B(T)	12,000	-	33,000	36,000	609
B(T)	12,000	-	36,000	38,000	444
B(T)	12,000	-	38,000	40,000	604
D(T)	4,000	12,000	-	30,000	365
D(T)	12,000	-	-	33,000	430
D(T)	12,000	-	33,000	36,000	609
D(T)	12,000	-	36,000	38,000	444
D(T)	12,000	-	38,000	40,000	604

TABLE 5

Vehicles without road-friendly suspension with 3 axles

<i>Appropriate HGV road user levy band</i>	<i>Plated gross weight of trailer</i>		<i>Total weight</i>		<i>Rate</i>
	(1)	(2)	(3)	(4)	
	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>Exceeding (kgs)</i>	<i>Not exceeding (kgs)</i>	<i>£</i>
B(T)	4,000	10,000	-	29,000	230
B(T)	4,000	10,000	29,000	31,000	289
B(T)	10,000	12,000	-	33,000	230
B(T)	12,000	-	-	36,000	295
B(T)	12,000	-	36,000	38,000	392
B(T)	12,000	-	38,000	40,000	542
C(T)	4,000	10,000	-	31,000	305
C(T)	4,000	10,000	31,000	33,000	401
C(T)	10,000	12,000	-	35,000	305
C(T)	12,000	-	-	36,000	370
C(T)	12,000	-	36,000	38,000	392
C(T)	12,000	-	38,000	40,000	542
D(T)	4,000	10,000	-	31,000	365
D(T)	4,000	10,000	31,000	33,000	401
D(T)	4,000	10,000	33,000	35,000	609
D(T)	10,000	12,000	-	36,000	365
D(T)	10,000	12,000	36,000	37,000	392
D(T)	12,000	-	-	38,000	430
D(T)	12,000	-	38,000	40,000	542

TABLE 6

Vehicles without road-friendly suspension with 4 or more axles

Appropriate HGV road user levy band	Plated gross weight of trailer		Total weight		Rate
	(1)	(2)	(3)	(4)	
	Exceeding (kgs)	Not exceeding (kgs)	Exceeding (kgs)	Not exceeding (kgs)	£
B(T)	4,000	12,000	-	35,000	230
B(T)	12,000	-	-	40,000	295
C(T)	4,000	12,000	-	37,000	305
C(T)	12,000	-	-	40,000	370
D(T)	4,000	10,000	-	36,000	365
D(T)	4,000	10,000	36,000	37,000	444
D(T)	10,000	12,000	-	39,000	365
D(T)	12,000	-	-	40,000	430
E(T)	4,000	10,000	-	38,000	535
E(T)	4,000	10,000	38,000	40,000	604
E(T)	10,000	12,000	-	40,000	535

(7) The annual rate of vehicle excise duty for a relevant rigid goods vehicle which does not fall within any of tables 1 to 6 is –

- (a) £1,585, where the total weight exceeds 44,000 kgs;
- (b) £609, in all other cases.”

- (2) In paragraph 2(2) of Schedule 1 to the HGV Road User Levy Act 2013, for “within paragraph 10” substitute “which is a relevant rigid goods vehicle within the meaning of paragraph 10”.
- (3) The amendment made by subsection (1) has effect in relation to licences taken out on or after 1 April 2014.
- (4) The amendment made by subsection (2) is treated as having come into force on 1 April 2014.

5 HGV road user levy: rates tables

- (1) In Schedule 1 to the HGV Road User Levy Act 2013 (rates of HGV road user

levy), for Tables 2 to 5 substitute –

“TABLE 2: RIGID GOODS VEHICLE

<i>Revenue weight of vehicle</i>		<i>2 axle vehicle</i>	<i>3 axle vehicle</i>	<i>4 or more axle vehicle</i>
<i>More than</i>	<i>Not more than</i>			
<i>kgs</i>	<i>kgs</i>	<i>Band</i>	<i>Band</i>	<i>Band</i>
11,999	15,000	B	B	B
15,000	21,000	D	B	B
21,000	23,000	D	C	B
23,000	25,000	D	D	C
25,000	27,000	D	D	D
27,000	44,000	D	D	E

TABLE 3: RIGID GOODS VEHICLE WITH TRAILER OVER 4,000 KGS

<i>Revenue weight of vehicle</i>		<i>2 axle vehicle</i>	<i>3 axle vehicle</i>	<i>4 or more axle vehicle</i>
<i>More than</i>	<i>Not more than</i>			
<i>kgs</i>	<i>kgs</i>	<i>Band</i>	<i>Band</i>	<i>Band</i>
11,999	15,000	B(T)	B(T)	B(T)
15,000	21,000	D(T)	B(T)	B(T)
21,000	23,000	E(T)	C(T)	B(T)
23,000	25,000	E(T)	D(T)	C(T)
25,000	27,000	E(T)	D(T)	D(T)
27,000	44,000	E(T)	E(T)	E(T)

TABLE 4: TRACTIVE UNITS WITH TWO AXLES

<i>Revenue weight of tractive vehicle</i>		<i>Any no of semi-trailer axles</i>	<i>2 or more semi-trailer axles</i>	<i>3 or more semi-trailer axles</i>
<i>More than</i>	<i>Not more than</i>			
<i>kg</i>	<i>kg</i>	<i>Band</i>	<i>Band</i>	<i>Band</i>
11,999	25,000	A	A	A
25,000	28,000	C	A	A
28,000	31,000	D	D	A
31,000	34,000	E	E	C
34,000	38,000	F	F	E
38,000	44,000	G	G	G

TABLE 5: TRACTIVE UNIT WITH THREE OR MORE AXLES

<i>Revenue weight of tractive vehicle</i>		<i>Any no of semi-trailer axles</i>	<i>2 or more semi-trailer axles</i>	<i>3 or more semi-trailer axles</i>
<i>More than</i>	<i>Not more than</i>			
<i>kg</i>	<i>kg</i>	<i>Band</i>	<i>Band</i>	<i>Band</i>
11,999	28,000	A	A	A
28,000	31,000	C	A	A
31,000	33,000	E	C	A
33,000	34,000	E	D	A
34,000	36,000	E	D	C
36,000	38,000	F	E	D
38,000	44,000	G	G	E''

- (2) The amendment made by this section is treated as having come into force on 1 April 2014.

1 Abolition of reduced VED rates for vehicles satisfying reduced pollution requirements

Schedule 1 contains provision abolishing the reduced rates of vehicle excise duty for vehicles satisfying reduced pollution requirements.

SCHEDULES

SCHEDULE 1

Section 1

ABOLITION OF REDUCED RATES FOR VEHICLES SATISFYING REDUCED POLLUTION REQUIREMENTS

PART 1

AMENDMENTS OF VERA 1994

- 1 VERA 1994 is amended as follows.
- 2 Omit section 61B (certificates as to reduced pollution).
- 3 In consequence of the amendment made by paragraph 2—
 - (a) in section 45 (false declarations etc), in subsections (3A) and (3B) omit “or 61B”,
 - (b) in Schedule 1 (annual rates of duty)—
 - (i) in paragraph 3(6) omit paragraph (a) and the “and” following it,
 - (ii) in paragraph 4(7) omit paragraph (a) and the “and” following it,
 - (iii) in paragraph 5(6) omit paragraph (a) and the “and” following it, and
 - (iv) in paragraph 7(3) omit paragraph (a) and the “and” following it, and
 - (c) in paragraph 22 of Schedule 2 (exempt vehicles: vehicle testing etc)—
 - (i) in sub-paragraph (1)(a) for “, a vehicle weight test or a reduced pollution test” substitute “or a vehicle weight test”,
 - (ii) in sub-paragraph (2) omit “a reduced pollution test or”,
 - (iii) in sub-paragraph (2A), in both places it occurs, omit “or a reduced pollution test”,
 - (iv) in sub-paragraph (3) omit “, or a reduced pollution test”,
 - (v) omit sub-paragraph (6AA),
 - (vi) in sub-paragraph (6B) for “, a vehicle weight test or a reduced pollution test” substitute “or a vehicle weight test”, and
 - (vii) in sub-paragraphs (8) and (9) omit paragraph (d) and the “or” following paragraph (c).
- 4 In paragraph 3 of Schedule 1 (annual rates of duty: buses)—
 - (a) in sub-paragraph (1) omit “with respect to which the reduced pollution requirements are not satisfied”, and
 - (b) omit sub-paragraph (1A).

- 5 In paragraph 6 of Schedule 1 (annual rates of duty: vehicles used for exceptional loads), in sub-paragraph (2A) –
- (a) in paragraph (a) omit “in the case of a vehicle with respect to which the reduced pollution requirements are not satisfied,”,
 - (b) omit the “and” following paragraph (a), and
 - (c) omit paragraph (b).
- 6 In paragraph 7 of Schedule 1 (annual rates of duty: haulage vehicles), for sub-paragraph (3A) substitute –
- “(3A) The rate referred to in sub-paragraph (1)(b) is £350.”
- 7 Omit paragraphs 9A and 9B of Schedule 1.
- 8 Omit paragraphs 11A and 11B of Schedule 1.
- 9 In paragraph 11C of Schedule 1 (annual rates of duty: tractive units), in sub-paragraph (2) –
- (a) in paragraph (a) omit “in the case of a vehicle with respect to which the reduced pollution requirements are not satisfied,” and
 - (b) omit paragraph (b).
- 10 In consequence of the amendments made by paragraphs 4 to 9 –
- (a) in section 13 (trade licences: duration and amount of duty) omit subsection (7)(a) and the “and” following it,
 - (b) in section 13 (trade licences: duration and amount of duty) as set out in paragraph 8(1) of Schedule 4 of VERA 1994 to have effect on and after a day appointed by order, omit subsection (7)(a) and the “and” following it,
 - (c) in section 15 (vehicles becoming chargeable to duty at a higher rate), omit subsection (2A),
 - (d) in paragraph 9 of Schedule 1 (annual rates of duty: rigid goods vehicles) –
 - (i) in sub-paragraph (1), omit “is not a vehicle with respect to which the reduced pollution requirements are satisfied and which”,
 - (ii) omit sub-paragraph (3)(a), and
 - (iii) in sub-paragraph (4), omit paragraph (a) and the “and” following it, and
 - (e) in paragraph 11 of Schedule 1 (annual rates of duty: tractive units) –
 - (i) in sub-paragraph (1), omit “is not a vehicle with respect to which the reduced pollution requirements are satisfied and which”,
 - (ii) omit sub-paragraph (3)(a), and
 - (iii) in sub-paragraph (4), omit paragraph (a) and the “and” following it.

PART 2

COMMENCEMENT

Introduction

- 11 This Part of this Schedule makes provision for the coming into force of the amendments made by Part 1.

Licences taken out on or after 1 April 2014

- 12 In the case of a rigid goods vehicle or tractive unit—
- (a) which has a revenue weight of not less than 12,000 kgs, and
 - (b) which satisfies the reduced pollution requirements for the purposes of VERA 1994,
- the amendments made by paragraphs 7 to 10 have effect in relation to licences taken out on or after 1 April 2014.

Licences taken out on or after 1 April 2016

- 13 In the case of the vehicles described in paragraph 14 the amendments made by paragraphs 4 to 10 have effect in relation to licences taken out on or after 1 April 2016.

- 14 Those vehicles are—
- (a) a bus, exceptional load vehicle or haulage vehicle which satisfies the reduced pollution requirements for the purposes of VERA 1994 because paragraph 4 of Schedule 2 to the Regulations applies to the vehicle as result of it falling within item 1 or 2 of Table 1 or any of items 1 to 3 of Table 2 in that paragraph (or being taken to be a vehicle falling within item 1 of Table 1 or Table 2 as a result of paragraph 5 of that Schedule), and
 - (b) a rigid goods vehicle or tractive unit—
 - (i) which has a revenue weight below 12,000 kgs, and
 - (ii) which satisfies the reduced pollution requirements for the purposes of VERA 1994 because paragraph 4 of Schedule 2 to the Regulations applies to the vehicle as result of it falling within item 1 or 2 of Table 1 or any of items 1 to 3 of Table 2 in that paragraph (or being taken to be a vehicle falling within item 1 of Table 1 or Table 2 as a result of paragraph 5 of that Schedule).

Licences taken out on or after 1 January 2017

- 15 In the case of the vehicles described in paragraphs 16 and 17 the amendments made by paragraphs 4 to 10 have effect in relation to licences taken out on or after 1 January 2017.
- 16 A bus, exceptional load vehicle or haulage vehicle which satisfies the reduced pollution requirements for the purposes of VERA 1994 because—
- (a) paragraph 4 of Schedule 2 to the Regulations applies to the vehicle as result of it falling within item 3 or 4 of Table 1 or item 4 of Table 2 in that paragraph,

- (b) paragraph 4A of Schedule 2 to the Regulations applies to the vehicle as result of it meeting the requirements of paragraph 4B of that Schedule, or
 - (c) paragraph 4C of Schedule 2 to the Regulations applies to the vehicle as result of it meeting the requirements of paragraph 4D of that Schedule.
- 17 (1) A rigid goods vehicle or tractive unit –
- (a) which has a revenue weight below 12,000 kgs, and
 - (b) which satisfies the reduced pollution requirements for the purposes of VERA 1994 for any of the reasons in sub-paragraph (2).
- (2) Those reasons are –
- (a) paragraph 4 of Schedule 2 to the Regulations applies to the vehicle as result of it falling within item 3 or 4 of Table 1 or item 4 of Table 2 in that paragraph,
 - (b) paragraph 4A of Schedule 2 to the Regulations applies to the vehicle as result of it meeting the requirements of paragraph 4B of that Schedule, or
 - (c) paragraph 4C of Schedule 2 to the Regulations applies to the vehicle as result of it meeting the requirements of paragraph 4D of that Schedule.

1 January 2017

- 18 The amendments made by paragraphs 2 and 3 come into force on 1 January 2017.

Interpretation

- 19 In this Schedule –
- “bus” has the same meaning as in paragraph 3(2) of Schedule 1 to VERA 1994;
 - “exceptional load vehicle” is a vehicle to which paragraph 6 of Schedule 1 to VERA 1994 applies by reason of falling within sub-paragraph (1) of that paragraph;
 - “haulage vehicle” has the same meaning as in paragraph 7(2) of Schedule 1 to VERA 1994;
 - “the Regulations” means the Road Vehicles (Registration and Licensing) Regulations 2002 (S.I. 2002/2742);
 - “rigid goods vehicle” and “tractive unit” have the same meaning as in VERA 1994.

1 Definition of “revenue weight”

- (1) VERA 1994 is amended as follows.
- (2) In section 60A (revenue weight), in subsection (9)(b) –
 - (a) for “at which” substitute “which must not be equalled or exceeded in order for”, and
 - (b) for “may lawfully” substitute “to lawfully”.
- (3) In section 61 (vehicle weights) –
 - (a) in subsection (1)(b), after “not be” insert “equalled or”, and
 - (b) in subsection (2), after “not be” insert “equalled or”.
- (4) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2014.

EXPLANATORY NOTE

SIX MONTH LICENCE: TRACTIVE UNITS

SUMMARY

1. Clause [X] makes a six month vehicle licence available to combined transport goods vehicles, even though their annual rate of Vehicle Excise Duty (VED) will be below the £50 threshold that otherwise determines availability. This change is by amendment of the Vehicle Excise and Registration Act 1994 (VERA) with effect in relation to vehicle licences taken out on or after 1 April 2014.

DETAILS OF THE CLAUSE

2. Subsection (1) maintains the availability of a six month vehicle licence where the applicable annual rate of VED exceeds £50, and introduces a new circumstance where a six month licence is available.

3. The new circumstance is if the vehicle is one that is used for the transportation of goods between European Union member States where part of that transport is in the United Kingdom and those goods are substantially transported by rail from the railhead that is nearest to the point of origin. Such a vehicle does not have to have an annual rate of VED in excess of £50 to qualify for a six month vehicle licence.

BACKGROUND NOTE

4. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates which will begin to take effect from 1 April 2014. The Levy only applies to goods vehicles weighing 12,000kg or more, and is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK.

5. Other related changes to reduce and restructure VED rates are being made in clauses [A, B and C]. Clause [X] sets an annual rate of £10 for goods vehicles for which part of the carried goods' journey is made by rail.

6. If you have any questions about these changes, or comments on the legislation, please contact Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).

EXPLANATORY NOTE

VED RATES: VEHICLES WITH EXCEPTIONAL LOADS, RIGID GOODS VEHICLES AND TRACTIVE UNITS

SUMMARY

1. Clause [X] provides for changes to certain rates of vehicle excise duty (VED) by amendment of the Vehicle Excise and Registration Act 1994 (VERA). Changes to the rates take effect in relation to vehicle licences taken out on or after 1 April 2014.

DETAILS OF THE CLAUSE

2. Subsection (2) reduces the rate of VED for a vehicle used to carry or draw a trailer carrying an exceptional load.

3. Subsections (3) and (4) maintain the rates of VED for rigid goods vehicles weighing less than 12,000kg and reduces the rates of VED for such vehicles weighing 12,000kg or more including reducing the applicable rate for such vehicles weighing in excess of 44,000kg.

4. Subsections (6) and (7) maintain the rates of VED for tractive units to which semi-trailers may be attached that weigh less than 12,000kg, and reduces the rates of VED for such vehicles weighing 12,000kg or more including reducing the applicable rate for such vehicles weighing in excess of 44,000kg.

5. Subsection (8) reduces the rate of VED for tractive units to which semi-trailers may be attached when these are used for the transportation of goods between European Union member States where part of that transport is in the United Kingdom and those goods are substantially transported by rail from the railhead that is nearest to the point of origin.

6. Subsection (9) removes the rates of VED for certain vehicles without road friendly suspension which were introduced to Schedule 1 of VERA through Section 22 of Finance Act 2011.

BACKGROUND NOTE

7. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates which will begin to take effect from 1 April 2014. The Levy only applies to goods vehicles weighing 12,000kg or more, and is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK. Other related changes to reduce and restructure VED rates are being made in clauses [A, B & C].

8. If you have any questions about these changes, or comments on the legislation, please Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).

EXPLANATORY NOTE

VED RATES: RIGID GOODS VEHICLE WITH TRAILERS

SUMMARY

1. Clause [X] provides for changes to certain rates of vehicle excise duty (VED) by amendment of the Vehicle Excise and Registration Act 1994 (VERA). Changes to the rates take effect in relation to vehicle licences taken out on or after 1 April 2014.

DETAILS OF THE CLAUSE

2. Subsection (2) introduces tables which set rates of VED for rigid goods vehicles that draw trailers when such trailers may weigh 4,000kg or more and the vehicle 12,000kg or more. This includes a rate which is applicable where a vehicle does not fall within the tables introduced by the subsection or where it weighs in excess of 44,000kg.

3. Rates for these vehicles are to be determined by reference to the following new factors: the presence of road-friendly suspension on the vehicle; how many axles the vehicle has; the vehicle's HGV road user levy banding; the trailer's plated gross weight; and the total of that weight and the vehicle's revenue weight.

4. Subsection (3) makes a consequential amendment to paragraph 2(2) of schedule 1 of the HGV Road User Levy Act 2013 to refer to the new definition of relevant rigid goods vehicle which is being introduced by subsection 2.

BACKGROUND NOTE

5. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates which will begin to take effect from 1 April 2014. The Levy only applies to goods vehicles weighing 12,000kg or more, and in the case of rigid goods vehicles that draw trailers only those drawing trailers weighing 4,000kg or more. It is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK. Other related changes to reduce and restructure VED rates are being made in clauses [A, B and C].

6. If you have any questions about these changes, or comments on the legislation, please contact Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).

EXPLANATORY NOTE

HGV ROAD USER LEVY: RATES TABLES

SUMMARY

1. Clause [X] revises the rates tables in schedule 1 of the HGV Road User Levy Act 2013 to also include rates of Levy which are applicable to goods vehicles that are in weight categories which are in excess of permitted maximum operating weights.

DETAILS OF THE CLAUSE

2. Subsection (2) introduces revised tables to the HGV Road User Levy Act 2013. These will allow the Levy to be collected from certain categories of goods vehicle weighing 12,000kg or more when these vehicles operate in excess of permitted maximum operating weights.

3. The applicable categories of goods vehicle are: 2 axle rigid and 3 axle rigid goods vehicles, and the same types of vehicle that draw trailers when such trailers weigh 4,000kg or more; as well as tractive units that draw semi-trailers consisting with any number of axles, or with two or more axles.

BACKGROUND NOTE

4. HGV Road User Levy rates will begin to take effect from 1 April 2014. The Levy is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK.

5. Operators of UK licensed tractive units are able to gain operational flexibility by licensing these vehicles to draw semi-trailers with any number of axles or two or more axles or three or more axles.

6. Vehicles that are in weight categories which are in excess of permitted maximum operating weights will remain liable to tax.

7. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates. These changes are being made in clauses [A, B & C].

8. If you have any questions about these changes, or comments on the legislation, please contact Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).

EXPLANATORY NOTE

ABOLITION OF REDUCED VED RATES FOR VEHICLES SATISFYING REDUCED POLLUTION REQUIREMENTS

SUMMARY

1. Clause [X] introduces Schedule [Y] to set the dates from which the availability of reduced rates of Vehicle Excise Duty (VED) for reduced pollution buses and goods vehicles cease by amendment of the Vehicle Excise and Registration Act 1994 (VERA).

DETAILS OF THE SCHEDULE

2. Paragraphs 2 and 3 abolish the procedure for accrediting buses and goods vehicles as meeting reduced pollution requirements and, consequentially, delete all references to the procedure in VERA.

3. Paragraphs 4, 5 and 6 abolish the reduced rates of VED for reduced pollution buses, vehicles used for exceptional loads and haulage vehicles.

4. Paragraphs 7, 8, 9 and 10 abolish the reduced rates of VED for reduced pollution rigid goods vehicles and reduced pollution tractive units.

5. Paragraph 12 sets 1 April 2014 as the date from which reduced rates of VED cease to be available to goods vehicles that meet the reduced pollution requirements and which are inside the HGV Road User Levy.

6. Paragraphs 13 and 14 set 1 April 2016 as the date from which reduced rates of VED cease to be available to buses, vehicles used for exceptional loads, haulage vehicles and other goods vehicles that weigh less than 12,000kg and are outside of the HGV Road User Levy which meet the Euro I, Euro II and Euro III reduced pollution requirements.

7. Paragraphs 15, 16 and 17 set 1 January 2017 as the date from which reduced rates of VED cease to be available to buses, vehicles used for exceptional loads, haulage vehicles and other goods vehicles that weigh less than 12,000kg and are outside of the HGV Road User Levy which meet the Euro IV, Euro V and Euro VI reduced pollution requirements.

BACKGROUND NOTE

8. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates which will begin to take effect from 1 April 2014. The Levy only applies to goods vehicles weighing 12,000kg or more, and is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK.

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9. Goods vehicles and buses have qualified for reduced rates of VED when achieving reduced pollution requirements early, ahead of the mandatory adoption of those standards. Reduced rates first became available in 1999.
10. Other related changes to reduce and restructure VED rates are being made in clauses [A, B & C].
11. If you have any questions about these changes, or comments on the legislation, please contact Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).

EXPLANATORY NOTE

DEFINITION OF “REVENUE WEIGHT”

SUMMARY

1. Clause [X] amends the definition of vehicle weight in the Vehicle Excise and Registration Act 1994 (VERA), consequent to revised secondary legislation specifying that goods vehicle operating weights are up to, but do not include the exact weight displayed on the plate affixed to a vehicle or a trailer.

DETAILS OF THE CLAUSE

2. Subsection (2) provides that the confirmed maximum weight of a vehicle, for the purpose of defining the vehicle’s revenue weight, is determined if it has a plated gross weight or a plated train weight and meets the conditions introduced to VERA by the subsection.

3. Subsection (3) provides that a reference in VERA to the plated gross weight of a goods vehicle or trailer is a reference to the maximum gross weight which may not be equalled or exceeded.

BACKGROUND NOTE

4. VED rates for goods vehicles licensed in the United Kingdom are being reduced and restructured to offset the cost of HGV Road User Levy rates which will begin to take effect from 1 April 2014. To ensure that the cost of the Levy can be offset to the greatest extent, the Road Vehicles (Construction and Use) Regulations 1986 are being amended. This will mean that a goods vehicle with a plated weight will be able to be loaded up to but not including that weight. For example, a vehicle plated at 21,000kg will be able to be loaded to around 20,999.99kg. This clause aligns VERA with that change.

5. The Levy only applies to goods vehicles weighing 12,000kg or more, and is intended to introduce a fairer arrangement for UK hauliers by ensuring that foreign hauliers pay to use roads in the UK. Other related changes to reduce and restructure VED rates are being made in clauses [A, B & C].

6. If you have any questions about these changes, or comments on the legislation, please contact Andy West on 0207 270 4697 (email: andy.west@hmtreasury.gov.uk).