



HM Revenue
& Customs

Power to introduce further temporary extension to road haulage cabotage

Who is likely to be affected

Non-UK operators of heavy goods vehicles (HGVs) that transport goods into and within Great Britain for the purposes of hire and reward.

General description of the measure

Cabotage is the transport of goods between two places in the same country by a transport operator from another country for the purposes of hire and reward. It is restricted both in the UK and abroad; normal rules (applicable to EU operators only) allow two cabotage journeys within 7 days of entry into the UK.

The government temporarily extended road haulage cabotage in October 2021 to allow, until 30 April 2022, unlimited cabotage movements of HGVs within Great Britain for up to 14 days after arriving in the UK on a laden international journey. The government is currently considering whether there is a case to introduce a further temporary extension to road haulage cabotage.

This measure will introduce a power through Finance Bill 2021-22 to make further temporary changes to Vehicle Excise Duty (VED) legislation so that the relevant non-UK operators travelling in Great Britain do not need to start paying VED were the government to introduce a further temporary extension to road haulage cabotage. Any further temporary changes to VED legislation would subsequently be legislated for through secondary legislation and would only be brought forward following consultation by the Department for Transport with interested parties. The power will allow for the temporary changes to extend no later than 31 December 2022. Should the government decide to introduce any further temporary extension to road haulage cabotage, this would provide Ministers with the ability to implement it more quickly.

Policy objective

The temporary extension to road haulage cabotage was introduced to help alleviate pressures in the supply chain associated with the current shortage of HGV drivers. It would not be effective if the relevant non-UK operators of HGVs were expected to pay VED for the first time.

This measure will ensure that the government has the power to amend VED legislation through secondary legislation, so that the relevant non-UK operators of HGVs do not need to start paying VED if the government decides to introduce a further extension to road haulage cabotage.

Background to the measure

Following consultation by the Department for Transport (DfT), the government introduced the temporary extension to road haulage cabotage from 27 October 2021 until 30 April 2022. A Tax Information and Impact Note for this temporary extension to road haulage cabotage can be found [here](#).

Detailed proposal

Operative date

This measure is an enabling power that will have effect on and after the date of Royal Assent to Finance Bill 2021-22.

Current law

The Motor Vehicles (International Circulation) Order 1975 exempts from excise duty certain vehicles brought temporarily into the UK. This includes exemptions from paying VED for goods vehicles imported temporarily for the purposes of cabotage. The definition of the exemptions from VED are defined with reference to existing cabotage rights.

Proposed revisions

A power will be taken through Finance Bill 2021-22 to allow the government to extend via secondary legislation an exemption from VED to cover any additional temporary cabotage rights which the government decides to introduce. This power will permit extension to no later than 31 December 2022.

Summary of impacts

Exchequer impact (£m)

2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026	2026 to 2027
Nil	Nil	Nil	Nil	Nil	Nil

This measure is not expected to have an Exchequer impact.

Economic impact

This measure is not expected to have any significant economic impacts.

Impact on individuals, households and families

There are expected to be no impacts for individuals at present. Any future impacts will be fully examined and detailed.

There is expected to be no impact on family formation, stability or breakdown.

Equalities impacts

It is not anticipated that there will be equalities impacts in relation to any groups sharing protected characteristics.

Impact on business including civil society organisations

This measure is not expected to have an impact on business or civil society organisations.

Operational impact (£m) (HMRC or other)

This measure is expected to have a negligible operational impact.

Other impacts

This measure is not expected to have any significant air quality or climate change impacts.

Other impacts have been considered and none have been identified.

Monitoring and evaluation

The measure will be kept under review by DfT and HM Treasury through communication with affected taxpayer groups.

Further advice

If you have any questions about this change, please contact the Energy and Transport Taxes Team at the following email address: ETTAnswers@HMTreasury.gov.uk.

Declaration

Helen Whately MP, Exchequer Secretary to the Treasury, has read this tax information and impact note and is satisfied that, given the available evidence, it represents a reasonable view of the likely costs, benefits and impacts of the measure.