Department for Transport

# Vehicle Excise Duty evasion statistics: 2015

## About this release

These statistics estimate the rate of Vehicle Excise Duty (VED, or road tax) evasion among vehicles seen on UK roads, and the associated revenue loss.

They are based on observing registration marks of vehicles in traffic via a roadside survey carried out at 256 sites across the UK in June 2015.

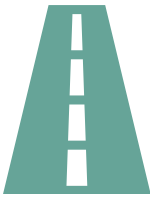
Every vehicle registered in the UK must be correctly taxed if used or kept on a public road. This tax is collected and enforced by the Driver and Vehicle Licensing Agency (DVLA).

## In this publication



The rate of unlicensed vehicles observed on the road road was much higher in 2015 than when previously surveyed in 2013, following changes in the licensing system.

In 2015, the rate of unlicensed vehicles in traffic in the UK was estimated to be 1.4%, compared with 0.6% in 2013.



**1.4%** of vehicles in traffic unlicensed in 2015

0.6% in 2013

About 1.5% of all vehicles in use were unlicensed. This is equivalent to about 560,000 vehicles.

**560,000** unlicensed vehicles in use

1.5% of active vehicles

This could cost about £80 million in lost VED revenue over the course of a year, about 1.4% of the total amount due. Some of this potentially lost revenue will have been recovered through DVLA enforcement activity or by vehicle keepers paying arrears of duty later.

**£80 million** potential revenue loss over one year

1.4% of total due

Of the unlicensed vehicles identified in the survey:

**58%** had been unlicensed for no more than 2 months at the beginning of the survey


**45%** were more than 10 years old

**41%** had changed hands since transferable vehicle tax was abolished on 1 October 2014


RESPONSIBLE STATISTICIAN: Jeremy Grove: 020 7944 6142

FURTHER INFORMATION: Media: 020 7944 3066 Public: 020 7944 3077 vehicles.stats@dft.gsi.gov.uk

## Unlicensed vehicles in traffic

It is estimated that in 2015, about 1.4 per cent of traffic on roads in the United Kingdom consisted of vehicles which were unlicensed. The figure for Great Britain was also 1.4%.

### Estimated VED evasion rates in traffic: 2007 - 2015


This is significantly higher than the rate in 2013 (0.6%).

The increase is probably due to major changes to the vehicle licensing system which took place in October 2014, especially the automatic refund of tax when a vehicle changes hands. All of the changes are summarised in the box below.

### What is evasion 'in traffic'?

This is the rate of unlicensed vehicles in traffic. In other words, if you stood beside an average road, the percentage of passing vehicles which you would expect to be unlicensed.

This can be thought of as a measure of how much the roads get used by drivers whose vehicles are not compliant with the road tax rules.

### Data tables

**Evasion in traffic**
ved0101-ved0104

### Administrative changes introduced from 1 October 2014

#### Paper tax disc abolished

The requirement to display a valid tax disc in the windscreen of all vehicles used on the road was abolished, and no new paper tax discs were issued. This removed a visual in-vehicle reminder of the tax disc expiry date, but the DVLA still send reminders before renewal is due, and it is also possible to check license status of a vehicle online.

#### Direct Debit payment option introduced for road tax

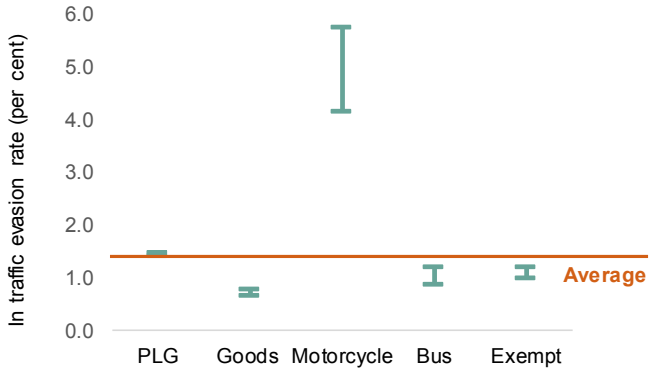
By November 2015 around 11 million of these had been taken out. So long as the Direct Debit arrangement continues, the vehicle remains taxed, so the keeper does not need to remember when renewal is due, or actively re-tax the vehicle. The DVLA issue statements annually to keepers who pay by Direct Debit, and will pursue any cases where the payments lapse.

#### Non transferability of road tax when vehicles change hands, and automatic refunds

Any existing vehicle tax now automatically ends when a vehicle changes hands. The previous keeper is automatically refunded any full months of remaining tax, and the new keeper must tax the vehicle immediately. Previously, any remaining tax could be transferred with the vehicle, and the previous keeper would need to claim a refund if they wanted one. There is therefore potential for evasion rates to increase if the new keeper fails to understand or comply with the new arrangements. However, this situation can only arise where a vehicle changes hands, and the DVLA have been issuing reminders to all new keepers who have not taxed their vehicle.

The Private and Light Goods (PLG) vehicle tax class, which accounts for 89% of all licensed vehicles, had an evasion rate of 1.5 per cent, similar to the overall average.

## Estimated VED evasion rates in traffic: GB, by tax class, 2015




Rates of evasion in traffic are relatively low for the goods vehicle (0.7%), bus and exempt tax classes (both 0.8%). Exempt vehicles do not have to pay any VED, but they still need to be licensed for use on the road.

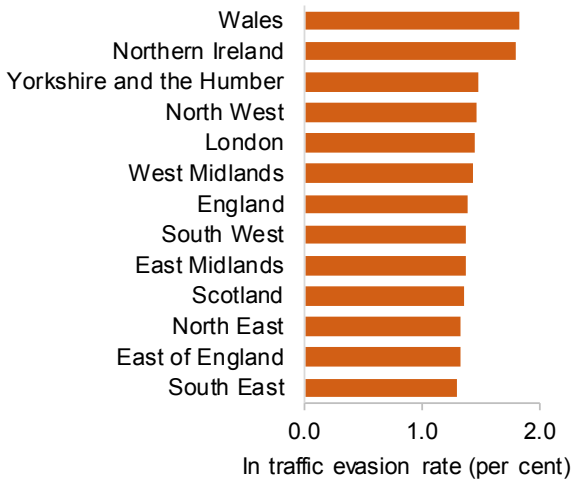
The evasion rate in traffic for motorcycles is relatively high, at around 5%. It is practically much harder to collect data for motorcycles than other vehicle types, so this figure should be treated with more caution than the others - however it is considered to be a robust indication of a higher evasion rate than the average for motorcycles.

## Estimated VED evasion rates in traffic: by region, 2015

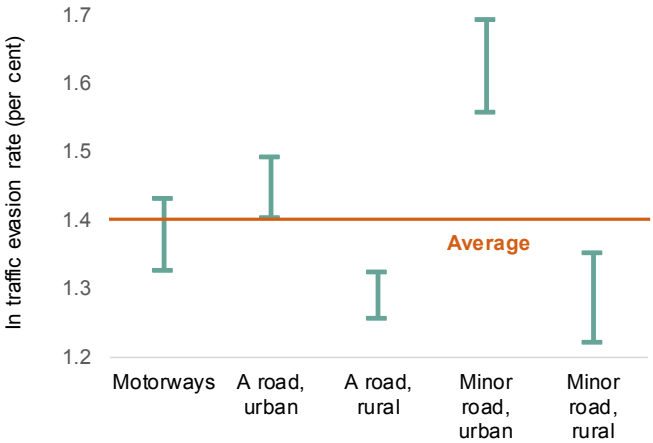
Wales and Northern Ireland showed the highest rates of evasion in traffic, at 1.8%.

There was little significant difference between the other regions.

These results are based on where vehicles were seen, not where they are registered.




## Estimated VED evasion rates in traffic: GB, by road type, 2015




Evasion rates vary relatively little between different road types, with those on rural roads (1.3%) slightly lower than the national average, and those on urban minor roads slightly higher (1.6%).

## Uncertainty in the estimates

These estimates are based on a survey of a sample of all traffic, so they are subject to a range of uncertainty.

These ranges of uncertainty are represented in some of the charts by error bars showing a range between upper and lower estimates.

Those in this evasion in traffic section are based on the 95% confidence intervals of the estimates. The 95% confidence interval is the range of values within which the true rate of evasion would fall 95% of the time if it were possible to repeat this survey many times.

## UK or GB?

This survey covers the whole of the United Kingdom (UK) - that is Northern Ireland and Great Britain (GB - England, Scotland and Wales), and overall results for the UK have been calculated for 2015.

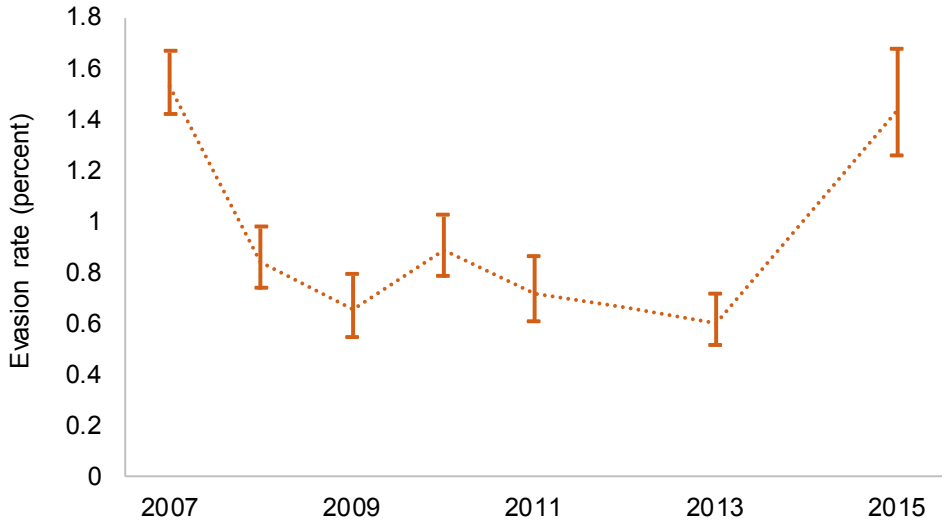
However, some detailed results are only available for GB or for GB and Northern Ireland separately. Results for the whole UK would generally be very similar to those for GB.

## Unlicensed vehicles in stock

The overall rate of unlicensed vehicles in the active vehicle stock in the United Kingdom in June 2015 was estimated to be 1.5 per cent.

This corresponds to roughly 560,000 vehicles.

### Estimated VED evasion rates in stock: 2007 - 2015




Note to chart: Error bars show upper and lower bounds, rather than 95% confidence intervals, which would be narrower.

### What is evasion 'in stock'?

This is the number of distinct vehicles which are unlicensed as a proportion of all the distinct vehicles seen on the road.

This rate can be lower than the evasion in traffic figure if unlicensed vehicles are used more than licensed ones, or higher if they are used less.

Evasion in stock is relevant when calculating VED revenue lost to evasion.

### Data tables

**Evasion in stock**
ved0201-ved0202

## Revenue lost to evasion

It is estimated that the levels of VED evasion seen in the June 2015 survey would correspond to around £80 million in lost tax revenue over a full year, for the United Kingdom. This is higher than in any year since at least 2007, due to the increase in the evasion rate discussed in the previous sections.

This equates to approximately 1.4% of the total VED due, although some of this potentially lost revenue will have been recovered through DVLA enforcement activity or through vehicle keepers paying arrears of duty to cover the untaxed period.

**£80 million**
potential revenue loss over one year

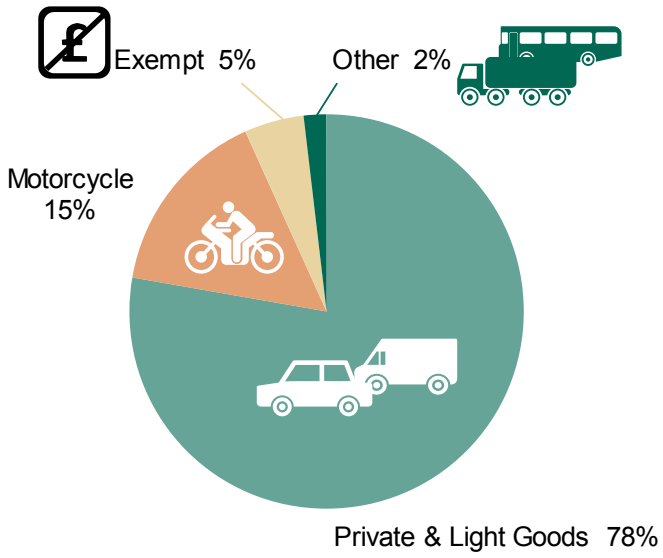
### Data tables

**VED revenue loss**
ved0301

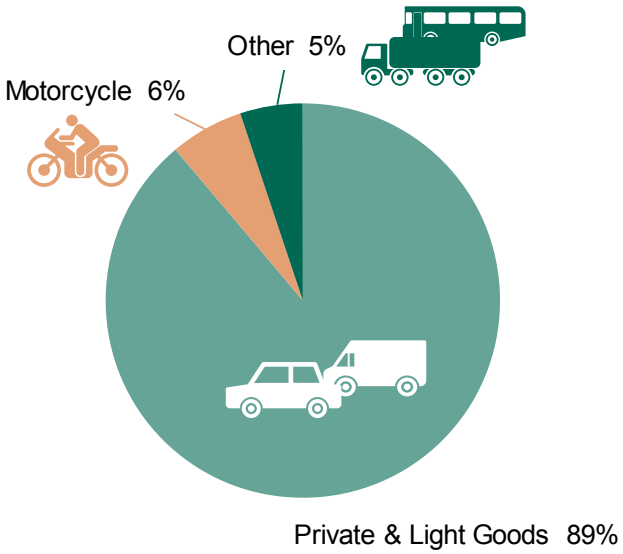
It is estimated that 78% of the unlicensed vehicles seen in the survey belong to the 'Private and Light Goods' taxation class, 15% were motorcycles, 5% were 'exempt' (vehicles which do not have to pay any VED, but still need to be licensed for use on the road), and 2% were goods vehicles, buses or in other tax classes.

Because VED rates vary between tax classes, the potential revenue loss from these unlicensed vehicles is spread differently, with 89% attributable to Private and Light Goods, 6% to motorcycles and 5% to goods vehicles, buses and other non-exempt tax classes.

### Evading vehicles by tax class: 2015




### VED revenue loss by tax class: 2015

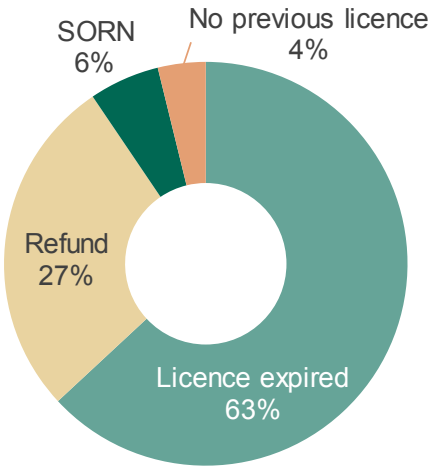



## Additional characteristics of unlicensed vehicles

Of those unlicensed vehicles whose licence history could be determined (85% of the total):

- 63% were on the road after the licence had expired,
- 27% were seen after the previous license was refunded - this is double the proportion seen in the 2013 survey, consistent with the removal of transferable road tax in October 2014,
- 1% were driving while the vehicle was declared to be off the road (with a current Statutory Off Road Notification),
- 4% were driving with an expired SORN, which must have been taken out before 16 December 2013, when continuous SORNs were introduced,
- 4% had no record of a previous licence

### Unlicensed vehicles by last licence status and tax class: 2015

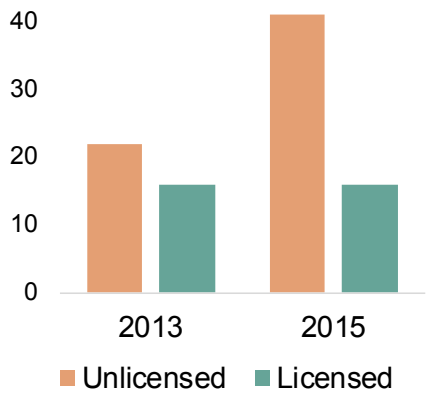


About 41% of unlicensed vehicles seen in the 2015 survey had changed hands since the removal of transferable road tax on 1 October 2014.

This is much higher than the proportion of licensed vehicles that had changed hands over the same period (16%).

It is also higher than the proportion of unlicensed vehicles seen in the 2013 survey which had changed hands over an equivalent period (21%).

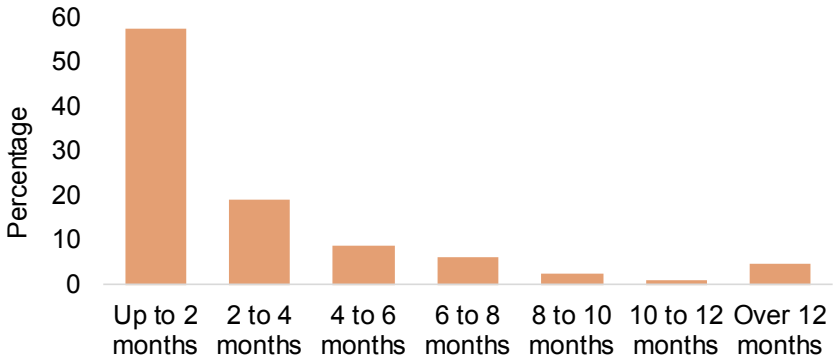
### Percentage of vehicles changing hands since previous September




Of those unlicensed vehicles for which the information was available (77% of the total), 58% had been unlicensed for less than 2 months prior to the beginning of June.

Only 5% had been unlicensed for more than a year, but this rose to 35% among motorcycles.

### Time since last licensed: unlicensed vehicles in June 2015

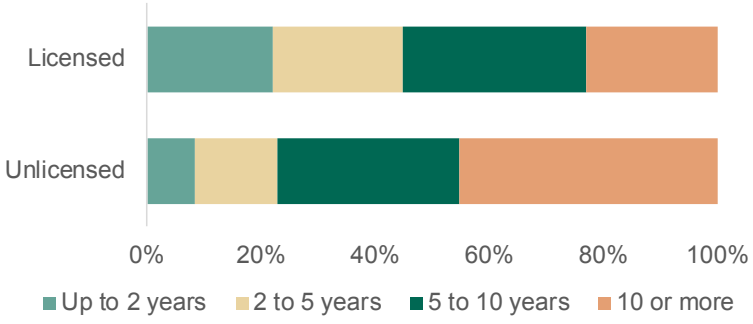



## Limitations to data in this section

The results in this additional characteristics section come from matching vehicles to their corresponding records in the Department's vehicle statistics data sets.

It is not possible to derive information on the status of all vehicles at the time they were seen in this way. Where the information is available for less than 95% of unlicensed vehicles, this is noted in the text, and these results should be treated with more caution.

### Age profile of vehicles seen in 2015 survey




The unlicensed vehicles seen in the survey included a high proportion of older vehicles - 45% were 10 or more years old, compared with only 23% of licensed vehicles.

### Data tables

**Unlicensed vehicles**
ved0401-ved0405

## Vehicle Excise Duty - background

Every vehicle registered in the United Kingdom must be taxed if used or kept on a public road. If the vehicle is kept off-road it must either be taxed or have a SORN (Statutory Off Road Notification) in force. Some vehicle types are zero-rated for vehicle excise duty, for example vehicles used by disabled people, mobility scooters, historic vehicles, electric vehicles, mowing machines, steam vehicles and agricultural vehicles – these are shown in the 'exempt' tax class in this report.

Vehicle excise duty is collected and enforced by the Driver and Vehicle Licensing Agency. The agency carries out computerised and roadside checks to identify evading vehicles. These enforcement activities are separate from this statistical survey of evasion.

## Survey design and methodology

These statistics are based on the direct collection of registration marks of vehicles in traffic via a roadside survey using automatic number-plate recognition cameras at 256 sites in June 2015. For further details of how the survey was carried out, how the evasion estimates were derived and treatment of misread registration marks see the Technical Notes.

## Strengths and weaknesses of the data

Overall, these statistics is considered to provide good quality estimates because:

- they are based on a purpose designed statistical survey, using methods which have been carefully developed and peer-reviewed
- they are based on a very large sample of more than 1 million observed vehicles per survey.
- the effects of numberplate misreads have been considered and additional quality assurance procedures introduced to deal with them.
- they therefore avoid many of the statistical biases that would be likely to arise from using data derived from administrative or enforcement systems.
- the results are discussed with the DVLA and are thought to be consistent with their operational experience.

Its limitations include:

- the high cost and practical constraints of data collection mean that only relatively infrequent 'snapshots' can be taken, and surveying is concentrated in June to maximise the hours of daylight available, but this means no analysis of seasonal variation can be undertaken
- the number of sites is limited by cost and equipment constraints, which reduces the efficiency of the very large overall sample
- motorcycles cannot be surveyed using the same ANPR cameras as other vehicles due to their smaller, rear-facing number plates. This, in combination with their relatively small numbers and different behaviour in traffic makes them much more difficult and costly to survey than other vehicle types, so the results for motorcycles are likely to be less relaible than for other vehicle types
- the survey would not identify vehicles which are using 'cloned' numberplates, i.e. plate which are valid but belong to another vehicle
- as it is a survey of traffic, the survey would not pick up any vehicles which are only parked on the public highway without ever being used - which would also be a breach of licensing rules.

## Users and uses of these statistics

These statistics are produced primarily to provide the Department for Transport, the motoring agencies and others with evidence to take an informed view on road tax evasion and related policies. The data also provide a source of evidence for auditing the Vehicle Excise Duty account which is independent of the processes of collecting or enforcing payment.

## Related sources of information

Statistics on the licensed vehicle stock are regularly published by the Department for Transport. The roadside survey data used to produce the VED estimates are also used to produce estimates of foreign vehicles in traffic, which are published as part of the DfT Traffic Statistics series. Anonymised raw data from the survey will also be published at data.gov.uk.

## National Statistics

National Statistics are produced to high professional standards set out in the Code of Practice for Official Statistics. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference.

Details of ministers and officials who receive pre-release access to these statistics up to 24 hours before release can be found in the Pre-release access list.

## Next Release

This survey is currently carried out in alternate years. Under this schedule, the next survey would be due in June 2017 with the report in December 2017. Any updates to these plans will be advertised via the DfT statistical publications schedule.

## Request for Feedback

We welcome any feedback on these statistics, to ensure future releases best meet user needs. Feedback can be provided by email to vehicles.stats@dft.gsi.gov.uk.