HM Treasury

Vehicle Excise Duty for vans: consultation

May 2018

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Chapter 1
Introduction

1.1 At Spring Statement, the government announced a consultation on reforming the Vehicle Excise Duty (VED) system for vans in order to incentivise van drivers purchasing a new van to make the cleanest choices.

Aim of the consultation

1.2 Van VED is currently levied at £250 per year for most light goods vehicles (under 3.5 tonnes) which have been registered since 1 March 2001. Small numbers of existing vans still benefit from reduced rates since they were early adopters of Euro4 and Euro5 standards.

1.3 Since 2014, manufacturers of vans have been required to collect and declare data on the levels of CO_2 emissions from their vehicles. Consequently, the government now has an opportunity to consider whether there should be reforms to the structure of van VED, so that it provides encouragement for purchasers to make cleaner choices.

1.4 This consultation sets out our proposals on how we could reform the van VED system to create these incentives in a fiscally neutral way. It is also designed to gather opinions on the correct way to reform van VED to achieve these objectives.

1.5 Whilst this consultation focuses on VED rates for vans, there are other vehicle taxes for vans besides VED which are also in scope in this area, namely the Van Benefit Charge and the Van Fuel Benefit Charge. The options for these taxes are covered at the end of Chapter 3.

1.6 Anyone with an interest in van taxes is encouraged to share their views. This includes manufacturers, independent drivers and businesses. The government also invites environmental groups and representative bodies to submit their views.

1.7 The government will consider all responses before making decisions on any changes at Budget 2018.

Vehicles in scope for the consultation

1.8 This consultation is aimed at N1 light goods vehicles, which are classified by DVLA using tax classes 36 and 39. These are currently required by law to be designed for the carriage of goods, and not to exceed 3,500kg revenue weight (including 3 wheeled vehicles over 450kg unladen). For further

information about vehicle classifications, please consult DVLA's information note.[1]

1.9 The government is aware that the battery weight for some electric vans may cause them to exceed the 3,500kg maximum gross vehicle weight for light goods vehicles. The government is considering applying for a five-year derogation from current weight rules for light goods vehicles up to 4,250kg, after which the situation would be reviewed. However, in the meantime, any vehicle weighing over 3,500kg cannot be taxed as a light goods vehicle but instead will be subject to the heavy goods vehicle (HGV) excise duty, regardless of fuel type. The government's proposals on this matter are set out in DfT's consultation document that was published earlier in the year.[2]

Structure of the document

1.10 Chapter 2 summarises the background to this issue, with Chapter 3 setting out the government's policy proposals. Chapter 4 summarises the consultation questions and information about how to submit your responses can be found in Chapter 5. If respondents feel that there are issues that are not covered in this document, but which are relevant to the consultation, they are welcome to submit additional evidence in their response. explains the consultation process.

1.11 The options set out in this document are at stage 1 (setting out objectives and identifying options) and stage 2 (determining the best option and developing a framework for implementation including detailed policy design) of the government's framework for tax consultation.[3]

[1] Available online: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/605333/v355x1-notes-about-tax-classes.pdf

[2] Available online: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/635902/category-b-driving-licence-derogation-consultation.pdf

[3] Available online: https://www.gov.uk/government/publications/tax-consultation-framework

Chapter 2
Background

2.1 Prior to 2001, the structure of Vehicle Excise Duty was broadly similar for cars and vans. There were only two bands, depending on the vehicle's engine capacity.

2.2 After 2001, the government changed the structure of the car VED system, to encourage the purchase of cleaner cars. Cars were classified into defined tax bands depending on the CO_2 emissions of the vehicle, as sourced from the documentation provided to the Driver and Vehicle Licencing Agency (DVLA) at the time of first registration. All cars are measured in the same way irrespective of whether they are diesel, petrol, hybrid or electric models and this helps to highlight lower CO_2 and fuel saving choices across all types and classes of cars. The higher the level of carbon emissions produced by the car, the higher the annual tax liability on the registered keeper. This helps the Government to fulfil its legally binding target to reduce national CO_2 levels.

2.3 The fact that the car VED system was solely based on CO_2 values did lead, over time, to complaints that it was unfair. Regulations on manufacturers, and the onward progress of technology, meant that each generation of new car emitted less CO_2 than the previous one. Consequently, drivers who were able to afford new cars more often increasingly began to pay less VED than drivers of older cars. This is why the government reformed VED, beginning in April 2017, to introduce a hybrid system which mixed strong CO_2 signals in the First Year Rate with a flat rate for almost all cars in subsequent years.

2.4 First Year Rates (also referred to as First Licence Rates) continue to be based on the CO_2 emissions of the car and the differences between bands are now wider than before. Thereafter the system moves to a flat rate for all cars of £140, except zero emission vehicles which pay nothing, and a £310 supplement for cars with a list price over £40,000. This improves fairness across all motorists ensuring those who can pay more do, and guarantees revenues are sustainable in the long term.

2.5 The government believes that the fundamental current structure of car VED is appropriate, and does not have any plans to change it. The government believes it does provide a strong environmental signal, that encourages drivers who are considering purchasing a new car to choose the cleanest one. At the same time, it focuses that environmental signal on the First Year Rate, the moment when that signal is strongest. In subsequent years, the flat standard rate ensures that drivers who cannot upgrade their vehicles more frequently do not end up paying more in tax year after year.

2.6 The structure of Vehicle Excise Duty for vans and light goods vehicles has not advanced in this period, and nor does it contain an environmental signal of any kind. Van VED is currently a flat rate, and not graduated by CO_2 in the way that it is for cars. Historically, the government offered reduced VED rates to early adopters of Euro 4 and Euro 5 technology, even though this does not relate to a carbon standard.

Question 1

Do you believe it is appropriate to review the fact that van VED is currently a flat rate?

Question 2

Do you believe that there is scope for van VED to reflect the environmental performance of individual types of van?

Chapter 3
Proposals

3.1 The government believes that there is an opportunity to change van VED into a system which gives an environmental signal to potential purchasers of new vans. This consultation therefore asks whether an improvement could be made to the current van VED system, to bring forward an environmentally based First Year Rate, that generally offers benefits for new vans compared to the current standard rate.

3.2 At the same time, we are proposing that after their First Year, all new vans should be placed on a standard rate. This will be in line with the standard rate under the existing van VED system.

3.3 As discussed, under the current car VED system, and the previous system that operated for new cars first registered between 2001-2017, rates are based entirely on CO_2 emissions.

3.4 The government considers that this approach has been a success, since there is a clear link to the type approval process for new vehicles. Consequently, it is easy for consumers to make simple comparisons between vehicles when making purchasing decisions. Part of the reason why CO_2 banding has been a success in reducing emissions of the car fleet is that the government has been able to set multiple bands that provide clear differentiation between categories of vehicles within the overall fleet.

3.5 In the case of vans, we have not used CO_2 bands in the same way, and the government has in the past been criticised for not bringing Light Goods Vehicles into the same framework for decarbonisation as other road vehicles.

3.6 The simplest approach for adapting van VED would be to base an environmental signal entirely on CO_2 emissions. This would replicate the simplicity and transparency of the car system, as well as the commonly-understood methodology for how vehicles are categorised and the relative ease of administration for purchasers and dealers.

Question 3

Do you believe that CO_2 bands are the right way to distinguish between vans with better or worse performance on emissions?

3.7 Older vans, particularly those which are certified only to the Euro4 emissions standard and earlier, also contribute significantly to local air quality problems in a number of urban areas across Britain. The air quality pollutants which are of particular concern for human health in this context are nitrogen oxides (NOx), of which the most prominent is nitrogen dioxide (NO_2); and small particulate matter, in particular particulates below 2.5 micrometres in diameter (PM2.5).

3.8 It would be extremely difficult to introduce a banded system based on NOx or PM2.5 emissions. Laboratory test procedures can measure NOx or PM2.5 emissions with a great deal of accuracy, but environmental conditions and van setup play a significant factor in what NOx results will be produced by a test on any given day. Any individual vehicle therefore may produce different test results if tested multiple days in a row.

3.9 As a result, it is difficult to create a set of narrow emissions bands for NOx or PM2.5 in the same way as is commonly the case for CO_2. This is the reason why current EU regulations on NOx or PM2.5 do not attempt to set out bands. Instead, they set out "pass-fail" tests, which prescribe maximum levels of emissions that manufacturers must ensure their vehicles comply with, in *any* validly-conducted test.

3.10 This approach – of having a single "pass-fail" NOx standard rather than NOx-based emissions bands – is also more appropriate to a world where cars will be tested on real roads as well as in the laboratory. In September 2017, Real Driving Emissions (RDE) testing was introduced to type approval requirements. This involves the vehicle's NOx and particulate number (PN) emissions being recorded through portable emissions measuring equipment, while it is being driven on real roads. Road conditions may well differ, depending on where the test site is. The RDE test can be carried out across a wide range of driving conditions, which could include accelerating uphill, while carrying a heavy load, in freezing temperatures – and the vehicle must comply with the RDE emissions standards in any valid RDE test.

3.11 For the reasons given above, the government does not believe it would be appropriate to include a NOx element in the reformed van VED system.

Question 4

Do you agree that the new VED system for vans should not contain a NOx element?

How should bands be set?

3.12 The government believes the primary purpose of introducing an environmental signal into the tax system for vans should be to incentivise van purchasers to make the cleanest choices.

3.13 Ahead of the 2015 announcement of reforms to car VED, the government conducted research into which factors provide the most encouragement for the purchase of the cleanest vehicles. The evidence suggested that drivers

placed the most weight on upfront tax costs, and they apply a considerable discount to future tax costs.

3.14 This evidence therefore suggests that it is most important to place strong environmental signals in First Year Rates of VED, and ongoing environmental signals in the standard rate of VED influence behaviour only to a lesser degree. As a result, the reformed car VED system which came into effect for new cars first registered on or after 1 April 2017 is based on sizeable differences between the bands for First Year Rates, followed by a flat VED rate in subsequent years for the overwhelming majority of cars.

3.15 At the same time, the government is also aware of anecdotal evidence of drivers who purchase hybrid cars based on their low CO_2 rating, but prefer to drive them on conventional fuels instead of using the vehicle's battery. This is why car VED maintains a £0 standard rate for fully zero-emission cars, to provide an ongoing distinction between them and other ultra-low emission vehicles which work using hybrid technology.

3.16 The government believes that this structure is effective for cars, and would propose to replicate this structure for van VED as well, creating a First Year Rate for van VED that incorporates an environmental signal, followed by a flat rate for almost all vans in subsequent years. However, there could still be a distinction in the standard rate for vans with particularly low levels of emissions, compared to ones which still emit some CO_2.

Question 5

Do you believe that CO_2 bands should apply in First Year Rates (as in the car VED system), with a flat rate applying in subsequent years?

Question 6

Do you feel that there should be a distinction in both First Year Rates and standard rates between zero-emission vans, and vans which do emit some CO_2?

3.17 To illustrate the CO_2 emissions of vans, comparative to cars table 3.A displays the share of purchases in 2016-17 using the same bands as for car VED.

Table 3.A: CO_2 emissions from all new vans first registered in 2016-2017 (using the same bands as for current car VED)

CO_2 (g/km)	Number of vans registered in 2016-17	Share of 16-17 registrations	Cumulative %
0	1280	0.3%	0.3%
1-50	93	0.0%	0.4%
51-75	0	0.0%	0.4%
76-90	2,333	0.6%	1.0%
91-100	3,999	1.0%	2.0%

101-110	6,142	1.6%	3.6%
111-130	56,358	14.7%	18.3%
131-150	28,658	7.5%	25.8%
151-170	94,665	24.7%	50.5%
171-190	52,014	13.6%	64.0%
191-225	116,997	30.5%	94.5%
226-255	19,299	5.0%	99.6%
Over 256	1,612	0.4%	100.0%
Total	383,450	100.0%	100.0%

Source: DVLA

3.18 There are currently 13 car VED bands, which broadly cover the range of CO_2 emissions from 0g/km to over 255g/km. Some stakeholders have argued that the current VED bands are too "bunched", and have too many "cliff-edges" at band thresholds. An alternative approach, also sourced from car taxes, might be to increase the number of tax bands, so that it is easier to distinguish between different versions of the same basic model. This kind of broad structure already operates in the Car Benefit Charge (also known as "Company Car Tax"), where in 17/18 there are 23 bands, which broadly rise at 5g/km intervals above 90g/km of CO_2.

3.19 From 2020/21, the Car Benefit Charge will also incorporate the concept of "zero emission mileage", as a way to distinguish between vehicles which have a meaningful zero emission range.

3.20 Table 3.B sets out how the distribution of new vans might look, if van VED was based on a broader and smoother distribution of bands, with a structure akin to the one currently used in the Car Benefit Charge. It splits out bands for hybrid vehicles to distinguish between those which are capable of higher zero-emission mileage.

Table 3.B: CO_2 emissions from all new vans first registered in 2016-2017 (using 10g bands above 50g/km CO_2)

CO_2 (g/km)	Zero emission mileage	Number of vans purchased in 2016-17	Share of 16-17 Purchases	Cumulative %
0		1,280	0.3%	0.3%
1 - 50	>130			
	70-129			
	40-69	93	0.0%	0.4%
	30-39			
	<30			
51 - 60		0	0.0%	0.4%

61 - 70	0	0.0%	0.4%
71 - 80	0	0.0%	0.4%
81 - 90	2,333	0.6%	1.0%
91 - 100	3,999	1.0%	2.0%
101 - 110	6,142	1.6%	3.6%
111 - 120	34,822	9.1%	12.7%
121 - 130	21,536	5.6%	18.3%
131 - 140	22,200	5.8%	24.1%
141 - 150	6,458	1.7%	25.8%
151 - 160	30,527	8.0%	33.7%
161 - 170	64,138	16.7%	50.5%
171 - 180	27,894	7.3%	57.7%
181 - 190	24,120	6.3%	64.0%
191 - 200	50,071	13.1%	77.1%
201 - 210	23,841	6.2%	83.3%
211 - 220	33,116	8.6%	91.9%
221 - 230	20,908	5.5%	97.4%
231 - 240	7,124	1.9%	99.3%
241 - 250	1,040	0.3%	99.5%
Over 250	1,808	0.5%	100.0%
	383,450	**100.0%**	**100.0%**

Source: DVLA

3.21 Tables 3.A and 3.B both reveal that vans emit a slightly higher amount of CO_2 than cars, which may be due to higher weight of vans (the category extends to up to 3.5 tonnes), and differences in aerodynamics due to the need for vans to be able to carry large payloads. Because of the difference between cars and vans the government wants to ensure that any van VED system recognises and accommodates for these differences.

3.22 The options in tables 3.C and 3.D below are illustrative of ways of setting rates in a CO_2-based VED system for vans, however, these should not be seen as indicating that we intend to retain these particular band thresholds. The thresholds which are appropriate for the van market may differ from the thresholds which are appropriate for cars. The government is seeking views on the appropriate banding structure.

Question 7

Do you believe that the government should adopt the same or similar band thresholds for van VED as applied to cars (i.e. the thresholds set out in Table 3.A) or would you prefer for there to be more bands, which distinguish more closely the CO_2 performance of different vans (for example the band thresholds set out in Table 3.B)?

Question 8

Is there another banding system you believe would be more appropriate?

Potential new rates for First Year Rates

3.23 Whilst considering the differences of cars and vans, the government wants to ensure a reformed van VED system still provides meaningful incentives throughout the CO_2 bands, as in the car system, so that drivers will be encouraged to purchase the cleanest vehicles when they come to make their next purchasing choice.

3.24 The government therefore suggests setting First Year Rates lower for most vans than the existing standard rate (£250 from 1 April 2018), resulting in a reduced tax rate in the first year for van purchasers. As the large majority of new vans purchased emit less than 226g/km of CO_2, there is an argument for trying to incentivise drivers to choose new purchases which achieve this level of emissions or lower.

3.25 The government believes it is appropriate to carry out any reform of van VED in a manner which is broadly fiscally-neutral. Therefore, it proposes to pay for the cost of any lower First Year Rates by a small increase in the current standard rate. For illustration, on the basis of the current rates, this might mean that the £250 standard rate might rise to £255. This standard rate would apply for all vans, both those registered before any van VED reforms took effect, and those registered afterwards.

3.26 Table 3.C sets out an illustrative set of van VED rates, using the bands in the existing car VED system as a proxy. The car First Year Rates referenced in both Table 3.C and Table 3.D refer to the rates that will apply for new diesels meeting the RDE2 standard. Each VED band as defined in table 3.B would offer a First Year Rate that resembles car First Year Rate as far as possible; and in subsequent years there would be a standard rate that would be in line with the flat-rate applicable to vans under the current van VED system. The only exceptions would be for hybrid vans, which have an ongoing VED discount and electric vans which have a nil rate. This reflects their superior environmental performance.

Table 3.C: Possible van VED rates (using car VED bands)

CO_2 (g/km)	Share of 16-17 purchases	Car FYR in 18/19 (diesel £)	Proposed First Year Rate (FYR)	Proposed standard rate[1]
0	0.3%	0	0	0
1-50g	0.0%	10	10	125

51-75	0.0%	25	25	255
76-90	0.6%	105	105	255
91-100	1.0%	125	125	255
101-110	1.6%	145	145	255
111-130	14.7%	165	165	255
131-150	7.5%	205	180	255
151-170	24.7%	520	200	255
171-190	13.6%	830	220	255
191-225	30.5%	1245	250	255
226-255	5.0%	1760	400	255
>256	0.4%	2070	500	255

1 Illustrative of a £5 rise above the 18/19 standard rate. The standard rate normally rises annually in line with RPI. Depending on when any reform begins to come into effect, the standard rate may be at a different level.

Question 9

What are your views on the proposed rates set out in table 3.C?

3.27 The previous section set out an alternative way to structure van bands, whereby a greater number of CO_2 bands would be used, so as to distinguish in a more granular fashion between different models of van (Table 3.B)

3.28 If consultees preferred to adopt this method of structuring band thresholds, table 3.D below sets out a possible set of van VED rates, that again would meet the government's aims to encourage the cleanest possible choices. As with table 3.C, First Year Rates would resemble the car First Year Rate as far as possible; and in subsequent years there would be a standard rate that would be in line with the flat-rate applicable to vans under the current van VED system. The only exceptions would be for fully-electric vans, and for hybrid vans, which would both have an ongoing VED discount.

Table 3.D: Possible van VED band (using 10g bands above 50g/km CO_2)

CO_2 (g/km)	Zero emission mileage	Share of 16-17 van purchases	Car FYR in 18/19 (diesel £)	Proposed First Year Rate (FYR)	Proposed standard rate[1]
0		0.3%	0	0	0
1 - 50	>130	0.0%	10	0	125
	70-129			5	125
	40-69			10	125
	30-39			15	125

<30			20	125
51 - 60	0.0%	25	25	255
61 - 70	0.0%		50	255
71 - 80	0.0%	25 (51-75g) 105 (76-90g)	90	255
81 - 90	0.6%	105	105	255
91 - 100	1.0%	125	125	255
101 - 110	1.6%	145	145	255
111 - 120	9.1%	165	155	255
121 - 130	5.6%		165	255
131 - 140	5.8%	205	185	255
141 - 150	1.7%		200	255
151 - 160	8.0%	520	210	255
161 - 170	16.8%		215	255
171 - 180	7.3%	830	220	255
181 - 190	6.3%		225	255
191 - 200	13.1%	1245	230	255
201 - 210	6.2%		235	255
211 - 220	8.6%		240	255
221 - 230	5.5%	1245 (191-225g) 1760 (226-255g)	300	255
231 - 240	1.9%	1760	400	255
241 - 250	0.3%		450	255
Over 250	0.5%	2070 (over 255g)	500	255

1 See standard rate in table 3.

3.29 As a worked example, under the current system, a van driver considering purchasing a van in the 151-170g/km category (the most popular) would pay £1500 over 6 years if they purchased in 2018/19 (ie 6 x £250, the 18/19 rate). Under the tables above, that driver would pay £1475 over 6 years (using table 3.C rates) or £1485-£1490 (using table 3.D rates).

Question 10

What are your views on the proposed rates as set out in table 3.D?

3.30 At present, the car VED system also offers a £10 discount for "alternatively fuelled cars", both on their First Year Rate and on their standard rate. This is designed to encourage drivers to consider purchasing cars which are not solely powered by a petrol engine or a diesel engine. "Alternatively fuelled cars" include vehicles powered by electricity (from a battery or fuel cell), hybrid petrol-electric or diesel-electric engine, or an engine fuelled by an alternative fuel such as LPG or one of the road-fuel gases such as Compressed Natural Gas, Liquified Natural Gas, etc.

3.31 The government is open-minded as to whether this discount should be offered in the van system as well. To some degree, the environmental benefits of alternatively fuelled vans will already be reflected in their CO_2 emissions, and therefore through the First Year Rate of the proposed van VED system.

Question 11

Do you believe that alternatively fuelled vans should receive a VED discount compared to vans solely powered by petrol or diesel?

Implementation date

3.32 No changes to the structure of van VED will affect existing vans, or any vans which are first registered before any changes to the van VED system come into effect. They will continue to pay a flat rate, under the current van VED system, as they do now. The small numbers of existing vans which still benefit from reduced rates since they were early adopters of Euro4 and Euro5 standards will be unaffected by this change.

3.33 The government is also conscious of the need to maintain a coherent tax system in the context of changes to the laboratory tests that measure vehicle CO_2.

3.34 Since the 1990s, the standard testing methodology for measuring and assessing definitive car and van emissions values has been the "New European Drive Cycle" (NEDC). This is a laboratory test conducted in a controlled environment to ensure repeatable results can be obtained, but in recent years it has become evident that there has been an increasing gap between these results and real-world performance.

3.35 The NEDC test is being replaced by a new laboratory test, known as the "Worldwide harmonised Light vehicles Test Procedure" (WLTP) which is designed to be more representative of normal driving behaviour. For example, WLTP contains more acceleration/deceleration, variable-speed and higher speed driving. Alongside the WLTP, "Real Driving Emissions" (RDE) tests are also being introduced, which involves the vehicle being driven on ordinary roads with a portable emissions measurement system. WLTP and RDE testing has already become mandatory for new car type approvals, and will become mandatory for new van type approvals from September 2018. By September 2019, all new registrations of Light Commercial Vehicles will

be subject to WLTP and these will be subject to RDE testing from September 2020.

3.36 At Budget 2017, the government announced that it intends to transition the tax system to use WLTP values for CO_2 from April 2020.

3.37 Since WLTP is set up in a different way to NEDC, it is extremely likely that measurements of CO_2 and other pollutants will differ. The government will discuss with the automotive industry in 2018 whether the thresholds of the current VED and CCT bands are appropriate once WLTP values of CO_2 begin to be used. The government will consider this, ahead of any decisions at Budget 2018.

Question 12

When do you think government should look to bring any reformed van VED system into effect?

Links to other taxes on vans

3.38 This consultation is primarily about van VED, since this tax affects every van purchase. However, there are some other flat rate van taxes, which could equally be amended in order to incorporate an environmental signal.

- Van Benefit Charge is a benefit in kind payable where an employee is provided with a company van by his employer which can be used privately (apart from home to work commuting). The government provides a standard taxable value (£3,230 in 2017-18) for all vans. Its sister charge for cars – Car Benefit Charge (also known as "Company Car Tax") – calculates the taxable benefit of a company car based on the CO_2 emissions to that car. Owners of zero-emission vans pay only a proportion of the van benefit charge on a tapered basis for all tax years up and including 2021/22.

- Van Fuel Benefit Charge is a tax on the benefit-in-kind received by an employee and is payable where an employee is provided with free fuel by their employer and the van is used privately (apart from home to work commuting). As with VBC, the government provides a standard value for all vans where fuel is provided (currently £610 in 2017-18). Again, the sister charge for cars – Car Fuel Benefit Charge – calculates the taxable benefit of that fuel with reference to the CO_2 emissions of the car. Where CFBC gives the employee a tax incentive to choose the cleanest car, this is not replicated for vans.

3.39 The government recognises the case for adopting CO_2-based structures for these two benefit-in-kind charges, since their car equivalents do vary by CO_2. However, it is important to note that the CO_2 bands that are used in Car Benefit Charge (also known as "Company Car Tax") are not the same CO_2 bands that are used in VED. The government set out a much greater number of CCT bands in the former, in light of stakeholder requests from the company car market.

3.40 The government also welcomes views on possible reforms to the van benefit charge and van fuel benefit charge, in line with the principles we have outlined for van VED. We would welcome initial reflections on this. If there is appetite for reform, the government will publish a separate consultation on how we might achieve this

Question 13

Do you believe that the van benefit charge and the van fuel benefit charge should also be transformed to use CO_2 bands?

Chapter 4
Consultation questions

Question 1

Do you believe it is appropriate to review the fact that van VED is currently a flat rate?

Question 2

Do you believe that there is scope for van VED to reflect the environmental performance of individual types of van?

Question 3

Do you believe that CO_2 bands are the right way to distinguish between vans with better or worse performance on emissions?

Question 4

Do you believe that the new VED system for vans should contain a NOx element?

Question 5

Do you believe that CO_2 bands should apply only in First Year Rates (as in the car VED system), with a flat rate applying in subsequent years?

Question 6

Do you feel that there should be a distinction in both First Year Rates and standard rates between zero-emission vans, and vans which do emit some CO_2?

Question 7

Do you believe that the government should adopt the same or similar band thresholds for van VED as applied to cars (i.e. the thresholds set out in Table 3.A) or would you prefer for there to be more bands, which distinguish more closely the CO_2 performance of different vans (for example the band thresholds set out in Table 3.B)?

Question 8

Is there another banding system you believe would be more appropriate?

Question 9

What are your views on the proposed rates as set out in table 3.C?

Question 10

What are your views on the proposed rates as set out in table 3.D?

Question 11

Do you believe that alternatively fuelled vans should receive a VED discount compared to vans solely powered by petrol or diesel?

Question 12

When do you think government should look to bring any reformed van VED system into effect?

Question 13

Do you believe that van fuel benefit charge should also be transformed to use CO_2 bands?

Chapter 5

How to submit responses

5.1 Please send comments by Friday 20 July 2018 to:
ETTAnswers@HMTreasury.gsi.gov.uk

5.2 Alternatively address responses to:

Van VED Consultation
Transport Branch
Energy and Transport Tax Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

5.3 Please be aware that responses may be shared with HMRC and DfT.

Confidentiality

5.4 Information provided in response to this consultation, including personal information, may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act (FOIA), the Data Protection Act 1988 (DPA) and the Environmental Information Regulations 2004.

5.5 If you want the information that you provide to be treated as confidential, please be aware that, under the FOI, there is a statutory code of practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding HM Treasury.

5.6 HM Treasury will process your data in accordance with the DPA and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties.

Consultation principles

5.7 This consultation is being run in accordance with the government's consultation principles.[1]

[1] Available online: https://www.gov.uk/government/publications/consultation-principles-guidance

HM Treasury contacts

This document can be downloaded from www.gov.uk

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