

HGV Levy Suspension

Who is likely to be affected

Registered keepers of heavy goods vehicles (HGVs), registered in the UK, and drivers and owners/operators of HGVs from outside the UK accessing the UK road network.

General description of the measure

Collection of the levy will be suspended for 12 months from 1 August 2020.

Policy objective

This will reduce financial liabilities for UK and foreign hauliers operating in the UK from 1 August to facilitate economic recovery after Covid-19.

Background to the measure

The levy was introduced in 2014 and re-designed in 2019 to better meet the environmental objective of improving air quality. It will now be suspended for 12 months to support the haulage sector as it recovers from Covid-19. The government has not consulted on this measure in order to enable rapid implementation.

Detailed proposal

Operative date

This measure will take effect from 1 August 2020

Current law

Current law is contained in section 5(2) and section 6(2) and section 7 of the HGV Road User Levy Act 2013.

Proposed revisions

The clause amends the HGV Road User Levy Act 2013, meaning section 5(2) does not apply for a period of 12 months beginning 1 August 2020. It also creates provision in section 7 of the Act that non-UK hauliers are entitled to a rebate for levy already paid within the exemption period.

Summary of impacts

Exchequer impact (£m)

2020 to 2021	2021 to 2022	2022 to 2023	2023 to 2024	2024 to 2025	2025 to 2026

This measure is expected to reduce receipts. The Office for Budget Responsibility will include the impact of this measure in its forecast at the next fiscal event.

Economic impact

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

Impact on individuals, households and families

This measure has no impact on individuals as it only affects registered keepers of heavy goods vehicles (HGVs), registered in the UK, and drivers and owners/operators of HGVs from outside the UK and operating on a commercial basis. The measure is not expected to impact on family formation, stability or breakdown.

Equalities impacts

This measure reduces costs for both UK and foreign hauliers. As such, no impact on the equality of protected groups has been identified.

Impact on business including civil society organisations

This measure is expected to have a negligible impact on around 100,000 UK base operators of HGVs, in addition to foreign operators of HGVs operating in the UK, by not requiring them to pay the levy for 12 months. One-off costs will include familiarising themselves with the change. There are not expected to be any continuing costs. Customer experience is expected to remain broadly the same as this measure does not significantly change existing processes. There is expected to be no impact on civil society organisations.

Operational impact (£m) (HMRC or other)

The costs are expected to be minimal, there will be a marginal cost to DVLA in changing the system to manage the suspension.

Other impacts

This is a temporary measure and is not expected to impact air quality as it should not influence the decisions around which vehicles are purchased. The levy is based on a number of factors, not just European Emissions Standards.

Other impacts have been considered and none has 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 Gwyneth Ramsay-Connell at email: Gwyneth.Ramsay-Connell@HMTreasury.gov.uk

Declaration

Kemi Badenoch 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.