

## Clause 24: HGV road user levy and vehicle excise duty

### Summary

1. This clause introduces a lower rate of HGV road user levy for vehicles that meet the latest Euro 6 emissions standard, and a higher rate for vehicles that do not. The new rates have effect for levy purchases on or after 1 February 2019.

### Details of the clause

2. The clause amends the HGV Road User Levy Act 2013 to introduce new rates for HGVs that meet the Euro 6 emissions standard, and higher rates for those that do not.
3. Subsection 2 and Subsection 3 introduce references to new Table 1A, to contain the new lower rates for Euro 6 HGVs.
4. Subsection 4 provides for the levy to be rebated, upon application, in the case that a vehicle is upgraded to comply with Euro 6 standards during a levy period with more than one month remaining. This would allow a vehicle operator to purchase a new levy at the lower Euro 6 rate and so benefit from the lower rate as soon as possible.
5. Subsection 5 amends the time at which the levy is considered unpaid following the granting of a rebate, as provided for by subsection 4. Subsection 5(b) inserts section 19(4) into the HGV Road User Levy Act 2013 and provides that, for the purpose of calculating when the levy is unpaid and therefore due, regard is had to the day of the month upon which the previous levy period had started. It follows months, for the purposes of the provision, would be dictated by that day. When a rebate was sought, the new levy would be due on the first day following that day of the month.
6. Subsection 6(a) inserts new criteria describing which rates apply to which vehicles. Specifically Table 1 applies to vehicles meeting the Euro 6 emissions standards and Table 1A applies to other vehicles paying the levy.
7. Subsection 6(b) inserts a definition of the Euro 6 standards.
8. Subsection 6(c) amends Table 1 with lower rates than those that currently apply, and inserts Table 1A with higher rates.
9. Subsection 7 revokes previous Regulations that introduced the lower rate for Euro 6 vehicles since these regulations are superseded by the provisions in this clause.
10. Subsection 8 provides for Vehicle Excise Duty to be rebated in the same circumstances and at the same time as the HGV levy, since for UK vehicles the levy and Vehicle Excise Duty are administered using the same system and must both apply for the same time periods. It also requires that the Vehicle Excise Duty rebate can only apply when the vehicle operator takes out a new vehicle licence for the period immediately following the rebate, so there is no gap

between vehicle licences and clarifies the time at which the old vehicle licence ceases to be in force.

11. Subsection 9 and 10 provides that the new rates come into force for levies due on or after 1 February 2019 and licenses taken out on or after the same date.

## Background note

12. This measure was announced by the Department for Transport on 28 March 2018. The measure is intended to incentivize vehicle operators to move towards newer, cleaner vehicles, to reduce emissions from HGVs and improve air quality.
13. When the HGV levy was first introduced in 2012, the Government said that it would look into varying the levy in the future by vehicle emissions. The Government's Air quality plan of 2017 said that the Government would look to make changes to the levy, potentially to incentivise improved air quality and more efficient vehicle use. In November 2017 the Department for Transport issued a call for evidence on HGV levy reform which asked for views on these general principles.
14. The HGV levy must be paid by all HGVs with a revenue weight of 12 tonnes and over before they use UK roads. It is currently up to £1,000 a year or £10 a day.
15. This measure will reduce the levy for Euro 6 compliant HGVs by 10%, and increase the levy for other vehicles by 20%, where legal limits allow this.
16. The Driver and Vehicle Licensing Agency (DVLA) administers the HGV levy for UK vehicles, and manages a contractor that administers the levy for foreign vehicles. The DVLA and contractor will publish further information on the administration of the changes nearer the implementation date of 1 February 2019.
17. If you have any questions about this change, or comments on the legislation, please contact the Energy and Transport Taxes team in HM Treasury (email: [ETTAnswers@HMTreasury.gsi.gov.uk](mailto:ETTAnswers@HMTreasury.gsi.gov.uk)).

