

Amendments 11 to 13 to Clause 78: Vehicle excise duty: exemption for certain cabotage operations

Summary

1. These amendments will provide an enabling power to allow Ministers to apply temporary changes to Vehicle Excise Duty (VED) legislation relating to heavy goods vehicles (HGVs) beyond 30 April 2022. The power will allow Ministers to extend the VED exemption introduced as part of a temporary extension of cabotage rights to any period between 1 May 2022 and 31 December 2022.

Details of the amendments

2. Clause 78 modifies provisions of the Motor Vehicles (International Circulation) Order 1975 (“the 1975 Order”) to implement an exemption to VED for HGVs being used for or in connection with a cabotage operation in Great Britain, so long as: the cabotage operation consists of national carriage for hire or reward by a haulier; no more than 14 days has elapsed beginning with the day on which the vehicle arrived in the United Kingdom in the course of a laden journey; and the vehicle is being used at any time during the period ending with 30 April 2022.
3. Amendments 11 to 13 enable Treasury Ministers to make regulations to change the end date from 30 April 2022; Ministers will be able to extend the VED exemption to any period between 1 May 2022 and the 31 December 2022.

Background note

4. Cabotage (in this context) is the transport of goods between two places in the same country by a transport operator established in another country for the purposes of hire and reward. The Government has temporarily relaxed cabotage rules within Great Britain to provide greater resilience for supply chains, in the face of acute driver shortages. This allows unlimited cabotage movements of HGVs within Great Britain for a period of 14 days after arriving in the United Kingdom on a laden international journey.
5. The amendments will give Ministers additional flexibility to apply the cabotage relaxation for longer should there continue to be a shortage of HGV drivers. Should Ministers make Regulations to apply the VED exemption for an additional period, the Department for Transport would make a statutory instrument to apply a temporary exemption from Operator Licence requirements for goods vehicles for the same period as the VED exemption. These regulations would only be brought forward following consultation by the Department for Transport with interested parties.