1 Transitional provision for end of temporary vehicle excise duty rates

After section 3 of the Taxation (Energy and Vehicles) Act 2026 insert—

"3A Section 3: transitional provision for end of temporary VED rates

(1) If—

(a) more than one vehicle licence in relation to which section 3(2), (3), (4) or (5) applies (a "temporary rate licence") is taken out for a goods vehicle,

(b) temporary rate licences have been in force for the vehicle for more than 12 months in total, and

(c) the last of those temporary rate licences was taken out on or after 28 October 2026,

the Secretary of State, and any other body or person on whom section 6(2) of the Vehicle Excise and Registration Act 1994 confers functions, may give a notice to the person who took out the last of those temporary rate licences requiring the person to pay an amount of vehicle excise duty.

(2) The amount payable is calculated as follows—

Step 1

Take the annual rate of vehicle excise duty applicable to the goods vehicle on the day after the day on which temporary rate licences have been in force for the vehicle for 12 whole months in total.

Step 2

Multiply that rate by the number of whole months in the period beginning with that day and ending with the end of the period for which the last of the temporary rate licences for the vehicle was taken out.

Step 3

Divide by 12 the amount produced by Step 2.

(3) A payment notice must state—

(a) the amount payable,

(b) how the amount is to be paid, and

(c) that payment must be made within the period of 28 days beginning with the day on which the notice is given.

(4) If payment is not made within the period of 28 days beginning with the day on which the notice is given—

(a) the last of the temporary rate licences ceases to have effect (if it is in force), and

(b) the amount payable is recoverable as a civil debt."