
Consultation on reform of Vehicle Excise Duty for lorries

Further copies of this document are available from:

The Public Enquiry Unit	Lorry VED Consultation
HM Treasury	DVLA
Parliament Street	Longview Road
London SW1P 3AG	Swansea SA6 7JL
Tel: 020 7270 4558	Tel: (0870) 2400010

CONTENTS

1. Introduction	1
Purpose	1
Responses	1
2. Background	3
The Government's approach to environmental taxation	3
Why have lorry VED?	3
Recent changes to lorry VED	4
Lorry VED in other EU Member States	4
3. The proposed system	7
Objectives of the reforms	7
Overview of the reforms	7
4. Streamlining and reducing lorry VED	9
Lorry VED criteria	9
Lorry VED simplification	9
Lorry VED bands	10
Lorry VED rates	11
Improving lorry VED administration	12
5. Other issues	13
Assessment of costs to business	13
Any other comments	13
Annex A: Current VED rates	15
Annex B: Response form	19

INTRODUCTION

PURPOSE

1.1 The Government published its ten-year plan for transport, *Transport 2000 – The Ten Year Plan*, in July 2000. It set out the Government's long-term strategy for delivering a quicker, safer, more punctual and environmentally friendly transport system.

1.2 Lorries are a significant source of:

- a. **Greenhouse gas emissions**, which cause climate change;
- b. **Local air pollutants**, which can damage health and make life in towns and cities unpleasant;
- c. **Track cost**, which increases the cost of maintaining the road network; and
- d. **Noise**, which can be intrusive.

1.3 The Government believes that tax can and should be used to promote environmental objectives. However, the Government believes that this must be done in a fair way and in a manner that does not hinder UK businesses' international competitiveness. The Government's position towards environmental taxes was set out in more detail in its Statement of Intent on Environmental Taxation, published in July 1997. This is summarised in section 2.

1.4 In Budget 98, the Chancellor announced a review of the existing system of Vehicle Excise Duty (VED) for lorries. To inform this review, the Government commissioned the National Economic Research Associates, AEA Technology and The Transport Research Laboratory to produce a report on lorry track and environmental costs (referred to as the NERA report). This report was published in April 2000.

1.5 The Government has considered the NERA report and has listened to the haulage industry both in the Road Haulage Forum and in bilateral meetings. The Government greatly values the dialogue it has established with the haulage industry and hopes that it will continue during and beyond this consultation process.

1.6 *The purpose of this document is to allow all interested parties to comment on the proposals to reform lorry VED set out over the following pages.*

RESPONSES

1.7 Although views would be welcome on all aspects of the Government's proposals, some specific questions are set out in the body of the document so that they can be seen in context. Those questions are collected together in a form in Annex B (starting on page 19). *It would greatly ease analysis if responses were made on the form in Annex B* and reached the Driver and Vehicle Licensing Agency (DVLA) by **12 January 2001**. The address to which to respond is

LORRY VED CONSULTATION
Vehicle Policy Group
DVLA
Longview Road
Swansea SA6 7JL
Fax (01792) 782056

I.8 Alternatively, you can e-mail responses to
vehpol.dvla@gtnet.gov.uk

I.9 *Please note that*

- a. although all responses to this document will be considered carefully, responses will not be acknowledged individually;*
- b. responses, and the names of respondents, may be quoted and made available to the public. You can, however, say that you do not wish this information to be made available in this way.*

Q1. *Are you prepared to allow your response or name to be quoted, or made available to the public?*

A1.a *Yes*

A1.b *No (tick one)*

2.1 This section explains the reasons behind the Government's proposals and puts them in context. It sets out briefly the Government's approach towards environmental taxes, the reasons for lorry VED, recent changes to lorry VED in the UK and lorry VED in other EU countries.

THE GOVERNMENT'S APPROACH TO ENVIRONMENTAL TAXATION

2.2 The Government places a high priority on protecting the environment for the benefit of people today and for future generations. Its central economic objective of achieving high and stable levels of growth and employment must be achieved in a way that is environmentally sustainable. It will use economic instruments, including taxation, to achieve environmental objectives where this is an effective way of doing so. Just as work can be encouraged through the tax system, so environmental damage can be discouraged. Different levels of tax can send important signals to reduce pollution and other environmental damage.

2.3 Over time, the Government has reformed the tax system to increase incentives to reduce environmental damage. The Government's aim is to shift the burden of taxes from 'goods' to 'bads'; to encourage innovation in meeting higher environmental standards; and to deliver a more dynamic economy and a cleaner environment, to the benefit of everyone.

2.4 The Government's Statement of Intent on Environmental Taxation, published in July 1997, set out that:

- a. Polluters should face the true costs that their actions impose on society.
- b. The social consequences of environmental action must be acceptable.
- c. Economic instruments must deliver real environmental gains cost efficiently.
- d. Environmental policies must be based on sound evidence.
- e. Environmental policies must not threaten the competitiveness of UK business.

WHY HAVE LORRY VED?

2.5 There are several reasons for having lorry VED:

- a. VED ensures that all lorry-owners contribute to the fixed costs incurred in maintaining and policing the road network.
- b. There are some costs of road use that are not captured adequately by road fuel duty. For example, the damage done by heavy good vehicles on the road network depends on the weight that they carry and how that weight is distributed. Lorry VED is designed partly to reflect this.
- c. VED sends important signals to purchasers of lorries about the external costs of different lorries, and encourages the purchase of less damaging lorries.
- d. Under European law, EU member states are required to have a system of lorry ownership taxation.

2.6 In addition, even without VED it would still be necessary to maintain a vehicle record and a system of enforcing the requirement to register vehicles. It is doubtful whether any alternative system would be as effective. Lorry VED is also an invaluable aid in ensuring compliance with MOT and insurance certification.

RECENT CHANGES TO LORRY VED

2.7 Since 1997, the Government has made a number of changes to lorry VED.

2.8 In line with the Government's environmental principles and desire to strengthen the international competitiveness of the UK haulage industry:

- a. In Budget 98, VED rates for cleaner lorries meeting low emission standards from 1 January 1999 were reduced by up to £500.
- b. In Budget 99, the maximum reduction in VED rates for cleaner lorries meeting low emission standards was doubled to £1,000.

2.9 Furthermore, in line with the Government's desire to maintain the international competitiveness of the UK haulage industry and shift the tax burden away from ownership to usage:

- a. In Budget 99, most lorry VED rates were frozen for the second year running.
- b. In Budget 2000, a package of lorry VED reductions costing £45 million per year was announced. The package comprised of:
 - A relatively low VED rate of £2,950 for the new 44-tonne/6-axle lorries, to take effect in 2001.
 - A £1,800 cut in the VED rate for the international-standard 40-tonne/5-axle lorry, from £5,750 to £3,950.
 - A £500 cut in the VED rate for the UK-standard 38-tonne/5-axle lorry from £3,210 to £2,750 to encourage hauliers to continue using this lorry in the light of the cut to the 40 tonne/5 axle lorry VED.
 - A £500 cut in the VED rate for the 41-tonne lorry capable of being used with up to 3 trailer axles from £4,250 to £3,750 – a lorry typically used by smaller operators collecting freight shipped 'unaccompanied' to UK ports.
 - Rate freezes for almost all other lorry types.

LORRY VED IN OTHER EU MEMBER STATES

2.10 The NERA report examined and compared the equivalent of lorry VED in France, Germany, the Netherlands, Belgium, Luxembourg, Sweden, Denmark and Ireland. It showed that there were certain common features in all the systems examined. For example, in all the systems examined:

- a. There is the principle that lorry taxation should reflect the cost of building and maintaining the road network.
- b. Each system attempts to tax different vehicles according to the amount that they damage roads.

- c. The tax is based wholly or partly on weight. Belgium, Germany and Ireland base their tax classes on vehicle weight, whereas Denmark, France and Sweden also categorise according to the number of axles.

2.II However, there were also some differences. For example:

- a. Denmark, France and Ireland tax their articulated lorries according to the 'whole vehicle', i.e. the ensemble of tax and tractor. Where a single tractor may pull several trailers at different times, the tax levied usually corresponds to the highest rate composition. By contrast, Belgium and Sweden plate and levy separate taxes for tractors and trailers; and Germany taxes both existing articulated combinations and additional trailers.
- b. Only France, Denmark and Sweden explicitly take into account the road-friendliness of lorries' suspension system in setting VED rates.
- c. Not all countries take into account pollution levels when setting VED rates.

3

THE PROPOSED SYSTEM

3.1 This section provides details of the objectives underlying the proposed reforms and the broad range of measures that the Government is considering in order to achieve its objectives.

OBJECTIVES OF THE REFORMS

3.2 The Government wants to introduce reforms that will:

- a. Improve the environmental signals from lorry VED.
- b. Take forward the Government's objective of shifting taxation away from ownership to usage.
- c. Enhance the international competitiveness of UK industry.
- d. Simplify the tax system and reduce red tape and regulatory burdens.

Q2. *Do you agree with the objectives of the reforms?*

A2.a Yes

A2.b No (tick one)

A2.c comments

OVERVIEW OF THE REFORMS

3.3 The Government is considering reforming lorry VED in three ways.

3.4 As the first element of reform, the Government is considering streamlining the lorry VED system and introducing new, generally lower rates. ***This first element of reform is the primary focus of this consultation document and is outlined in more detail in Section 4.***

In summary, the Government is considering streamlining lorry VED so that:

- a. There are fewer rate bands.
- b. There is more flexibility of vehicle configuration within each rate band.
- c. There are better environmental signals.
- d. It reduces tax on vehicle ownership.

3.5 The second element of reform that the Government is attracted to introduce is a road user-charging scheme for lorries, such as a "vignette". It would have to be implemented at a later date than the first element, because it would require new legislation and administrative arrangements. In particular, the Government's options are constrained by European law. ***This second element of reform will be the subject of further detailed consultation with the haulage industry, including the Road Haulage Forum.***

A user-charging scheme such as a vignette would:

- a. Ensure that foreign hauliers contribute towards the road and environmental costs that they impose in the UK.
- b. Be intended not to lead to the tax burden on UK hauliers increasing as a result of its introduction, by introducing further offsetting cuts in lorry VED as necessary.

3.6 The third element of reform being considered is to improve the criteria used for encouraging the use of cleaner, more environmentally-friendly lorries. At present, lorry VED discounts of up to £1,000 are available for lorries that meet specified low emission standards. The Government is considering moving over time to criteria based on EU engine emission standards. *As above, the Government will consult with the industry on this proposal.*

Q3. *Do you agree with the overall direction of the reforms?*

A3.a Yes

A3.b No (tick one).

A3.c comments.....

4

STREAMLINING AND REDUCING LORRY VED

4.1 This section provides more details on the first element of reform that the Government is considering – streamlining and reducing lorry VED – and poses some more detailed questions.

LORRY VED CRITERIA

4.2 The Government has reviewed the criteria that could be used to determine the degree of track and environmental damage imposed by different lorries. The Government believes that the most important criteria remain the vehicle weight, the number of axles, and the amount of pollution produced. However, over time, the Government will continue to examine other options, including a system based on maximum weight per axle.

Q4. Do you agree that vehicle weight, the number of axles and the amount of pollution produced are the best criteria for determining the degree of track and environmental damage imposed by different lorries?

A4.a Yes

A4.b No (tick one)

A4.c comments

LORRY VED SIMPLIFICATION

4.3 There are currently in excess of 50 different standard lorry VED rates, each with different low pollution rates. Many of the rates are as little as £10 apart and with no more than five or six lorries paying them. The current system reflects small piecemeal changes made over many years. The current lorry VED rates are shown in Annex A.

4.4 The Government intends to replace the existing rates with a new system of seven broad bands of rates that better reflect environmental costs while also giving more flexibility to the haulage industry. By enabling hauliers to operate lorries using any configuration within each rate band, this would allow articulated lorry tractors to operate with a wider range of trailers without changing their VED.

Q5. Do you agree with the Government's objective to rationalise and reduce the number of lorry VED bands?

A5.a Yes

A5.b No (tick one)

A5.c comments

Q6. Would broader rate bands make it easier to carry different weight loads and change axle formation, especially when using trailers?

A6.a Yes

A6.b No (tick one)

A6.c comments

LORRY VED BANDS

4.5 The Government intends to improve the environmental signals that lorry VED sends out by ensuring that the new bands reflect better the different levels of environmental and track costs imposed by different types of lorries. To achieve this, the Government intends to restructure VED rate bands, taking into account the findings of the NERA report and the realities of operating a haulage business, so that lorries that impose broadly similar damage pay the same rate of VED. Some proposed bands are shown below.

Table 1: Illustrative VED bands for rigid lorries

	2 axles standard	3 axles standard	4 or more axles standard
not over 7.5t	A	A	A
not over 15t	B	B	B
not over 21t	D	B	B
not over 23t	*	C	B
not over 25t	*	D	C
not over 27t	*	E	D
not over 31t	*	*	E
over 31t	*	*	G

* It is not possible to operate this vehicle at this weight.

Table 2: Illustrative VED bands for 2 axle tractive unit articulated lorries

	1 or more axle trailer standard	2 or more axle trailer standard	3 or more axle trailer standard
not over 25t	A	A	A
not over 28t	C	A	A
not over 31t	C	C	A
not over 33t	D	D	C
not over 34t	F	F	C
not over 38t	F	F	E
over 38t	G	G	G

Table 3: Illustrative VED bands for 3 axle tractive unit articulated lorries

	1 or more axle trailer standard	2 or more axle trailer standard	3 or more axle trailer standard
not over 28t	A	A	A
not over 31t	C	A	A
not over 33t	E	C	A
not over 34t	E	D	A
not over 36t	E	D	C
not over 38t	F	E	D
over 38t	G	G	E

Q7. Do you agree that the rate bands should be broadly based on the environmental and track costs that lorries impose?

A7.a Yes

A7.b No (tick one)

A7.c comments

LORRY VED RATES

4.6 In line with the Government's objectives of shifting taxation from ownership to usage and enhancing the international competitiveness of the UK haulage industry, the Government has decided to reduce the overall financial burden imposed by lorry VED. **In Pre-Budget Report 2000, the Government announced that, subject to consultation, it intends to reduce lorry VED by £300 million – a reduction of over 55 per cent.**

4.7 At the same time, to improve the environmental signals from lorry VED, the Government is considering setting cost differences between bands that take into account the relative environmental and track costs imposed by lorries in different bands. Taking into account the broad rate bands described above, some possible illustrative standard annual rates are:

Band A – £165

Band B – £200

Band C – £450

Band D – £650

Band E – £1200

Band F – £1500

Band G – £1850

4.8 The Government would continue to offer pollution discounts on a similar basis as currently exists, subject to constraints such as EU minimum rates.

Q8. Do you think that the illustrative lorry VED rates and the relationship between them appropriately reflects environmental considerations and international competitiveness concerns?

A8.a Yes

A8.b No (tick one)

A8.c comments

4.9 The complexity of and differences between national tax systems within the EU and the fluctuation of exchange rates makes direct comparisons for specific vehicles very difficult. However, taking into account the cost of an annual vignette, the Government intends to have the lowest VED rates in Europe for the cleanest lorries. **For those lorries that qualify for the reduced pollution discount, we would expect typical UK VED rates would be less than in Sweden, Germany, the Netherlands, Ireland and Belgium, and similar to those in France.**

IMPROVING LORRY VED ADMINISTRATION

4.10 The Government is committed to modernising the delivery of public services.

4.11 The Government is considering ways to improve the administration of lorry VED, for example by introducing more flexible payment methods or allowing lorry VED to be purchased quarterly in addition to the annual or six-monthly lorry VED available at present.

Q9. What improvements would you like to see made to the administration of lorry VED?

A9 comments

5

OTHER ISSUES

5.1 The main focus of this document is the proposals to reform lorry VED, especially the streamlining of bands. However, there is also a range of related issues on which the Government would welcome views. These are set out in this section.

ASSESSMENT OF COSTS TO BUSINESS

5.2 As part of this consultation, the Government would like to ensure that the non-tax costs to business of compliance with any new system are identified as fully as possible.

Q10. Please describe and quantify any costs of compliance with the first element of reforms described above that you envisage.

A10.a First year costs

.....

A10.b Continuing costs

.....

A10.c Please explain

.....

ANY OTHER COMMENTS

Q11. Do you have any other comments on the issues raised in this document?

All

.....

.....

ANNEX A: CURRENT VED RATES



Rates of Vehicle Excise Duty



The following tables give the rates of vehicle excise duty which take effect for licences commencing **22 March 2000**. The notes on the vehicle licence application forms explain how and where to apply. **Please read them carefully.**

1. PRIVATE / LIGHT GOODS VEHICLES PART I
(ie. goods vehicles not over 3,500 kgs revenue weight)

TC11	12 month rate £	6 month rate £
Private Vehicles: Light Vans, Cars, Taxis etc.		
Not over 1100cc	100.00	55.00
Over 1100cc	155.00	85.25

5. MOTORCYCLES PART II
(not over 450 kgs unladen)

TC17	12 month rate £	6 month rate £
Motorcycles		
Not Over 150cc	15.00	-
(with or without sidecar) Over 150cc up to 250cc	40.00	-
TC19		
All other motorcycles	60.00	33.00
TC19		
Electric motorcycles (including tricycles)	15.00	-
TC50		
Tricycles		
Not Over 150cc	15.00	-
All other tricycles	60.00	33.00

2. BUSES TC34 PART III

Seating Capacity (excluding driver)	12 month rate £		6 month rate £	
	12 month rate £	6 month rate £	12 month rate £	6 month rate £
9 - 16	165.00	90.75	155.00	85.25
17 - 35	220.00	121.00	155.00	85.25
36 - 60	330.00	181.50	155.00	85.25
61 and over	500.00	275.00	155.00	85.25

Reduced Pollution
◆ **BUSES TC38**

6. SPECIAL CONCESSIONARY PART IVA

	12 month rate £
Locomotive Ploughing Engines, Tractors, Agricultural Tractors including Light Tractors or other Agricultural Engines, Fishermen's Tractors plus light Agricultural vehicles	TC40 40.00
Mowing Machines	TC44 40.00
Snow Ploughs	TC82 40.00
Gritting Vehicles	TC81 40.00
Electric Vehicles (excluding motorcycles)	TC79 40.00
Steam Vehicles	TC37 40.00

3. SMALL ISLAND VEHICLES TC16 PART VIII (9)
(not available at post offices)

	12 month rate £	6 month rate £
	165.00	90.75

4. SPECIAL VEHICLES TC14 PART IV
(over 3,500 kgs)

	12 month rate £	6 month rate £
Showman's Goods, Showman's Haulage, Mobile Cranes, Works Trucks, Digging Machines, Road Rollers.	165.00	90.75

7. † GENERAL HAULAGE VEHICLES TC55

PART VII		◆ Reduced Pollution GENERAL HAULAGE VEHICLES TC56	
12 month rate £	6 month rate £	12 month rate £	6 month rate £
350.00	192.50	155.00	85.25

† SPECIAL TRAILER DUTY TC15

Where the drawing vehicle is a special vehicle (Showman's) and has a revenue weight of over 12,000 kgs and draws laden trailers over 4,000 kgs, additional trailer duty is payable.

Over	Not Over	12 month rate £	6 month rate £
4,000	12,000	155.00	85.25
12,000	-	430.00	236.50

8. TRADE LICENCES

	12 month rate £	6 month rate £
Trade Licences available for all vehicles	155.00	85.25
Trade Licences available only for:		
Bicycles	60.00	33.00
Tricycles } not over 450 kgs		



† For post offices - only applications on V11 are acceptable for these classes.

Rates for goods vehicle are shown overleaf

An executive agency of the
Department of the Environment, Transport and the Regions

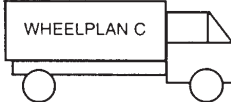
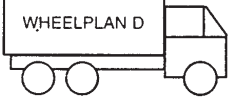

Annex A: Current VED rates

9. † RECOVERY VEHICLES TC47 PART V			
Over	Not Over	12 month rate £	6 month rate £
3,500	12,000	165.00	90.75
12,000	25,000	500.00	275.00
25,000	-	830.00	456.50

11. † RIGID AND ARTICULATED GOODS VEHICLES not over 12,000 kgs PART VIII					
Revenue Weight (kgs)		† HGV TC01		Reduced Pollution ◆ HGV TC45	
Over	Not Over	12 month rate £	6 month rate £	12 month rate £	6 month rate £
3,500	7,500	165.00	90.75	160.00	88.00
7,500	12,000	300.00	165.00	160.00	88.00

10. † PRIVATE HGV TC10			
(Exceeding 3,500 kgs)			
	12 month rate £	6 month rate £	
	165.00	90.75	

Goods vehicles are taxed according to their "Revenue Weight". This is the confirmed maximum weight (i.e. gross weight or gross train weight) for vehicles subject to plating and testing. For non-testable vehicles this will be the maximum weight at which a vehicle can lawfully be operated under construction and use limits (i.e. the design weight).

12. † RIGID GOODS VEHICLES over 12,000 kgs PART VIII (9) (Vehicles used with trailers may be subject to additional trailer duty)						
TYPE OF VEHICLE	Revenue Weight (kgs)		Taxation Class		Reduced Pollution	
	Over	Not Over	† HGV TC01		◆ HGV TC45	
			12 month rate £	6 month rate £	12 month rate £	6 month rate £
Rigid vehicle with 2 axles 	12,000 13,000 14,000 15,000 17,000 ✓ 18,000	13,000 14,000 15,000 17,000 18,000 44,000	470.00 650.00 840.00 1,320.00 1,600.00 1,600.00	258.50 357.50 462.00 726.00 880.00 880.00	160.00 160.00 160.00 320.00 600.00 600.00	88.00 88.00 88.00 176.00 330.00 330.00
Rigid vehicle with 3 axles 	12,000 17,000 19,000 21,000 23,000 25,000 ✓ 27,000	17,000 19,000 21,000 23,000 25,000 X 27,000 44,000	490.00 850.00 1,020.00 1,470.00 2,230.00 2,340.00 2,340.00	269.50 467.50 561.00 808.50 1,226.50 1,287.00 1,287.00	160.00 160.00 160.00 470.00 1,230.00 1,340.00 1,340.00	88.00 88.00 88.00 258.50 676.50 737.00 737.00
Rigid vehicle with 4 or more axles 	12,000 21,000 23,000 25,000 27,000 29,000 31,000 ✓ 32,000	21,000 23,000 25,000 27,000 29,000 31,000 32,000 44,000	350.00 510.00 830.00 1,470.00 2,320.00 3,360.00 4,400.00 4,400.00	192.50 280.50 456.50 808.50 1,276.00 1,848.00 2,420.00 2,420.00	160.00 160.00 160.00 470.00 1,320.00 2,360.00 3,400.00 3,400.00	88.00 88.00 88.00 258.50 726.00 1,298.00 1,870.00 1,870.00

✗ Shown as 27,000 kgs in Vehicle Excise and Registration Act 1994. - 26,000 kgs is maximum permissible vehicle weight in construction and use terms for 3 axle rigid.

13. † TRAILER DUTY **TC02** PART VIII (10)

Where the drawing vehicle has a weight of over 12,000 kgs and draws laden trailers over 4,000 kgs, additional trailer duty is payable.

Over	Not Over	12 month rate £	6 month rate £	◆ Reduced Pollution TRAILER DUTY TC46	
				12 month rate £	6 month rate £
4,000	12,000	155.00	85.25	155.00	85.25
12,000	-	430.00	236.50	430.00	236.50

EXAMPLE: A 2 - axled vehicle with a weight of 16,260 kgs which draws trailers with a weight of 12,130 kgs would pay £1,320.00 (Table 12) plus £430.00 (Table 13) annual rate.

NOTE: Vehicles which draw trailers 4,000 kgs or below do not come within a trailer taxation class and no additional trailer duty is payable on them.

◆ Applications for licensing in these tax classes must be made at a Vehicle Registration Office

† For post offices - only applications on V11 are acceptable for these classes.

✓ Applies only to vehicles issued with an order under S44 of the Road Traffic Act 1988

Annex A: Current VED rates

14. † ARTICULATED GOODS VEHICLES over 12,000 kgs PART VIII (11)

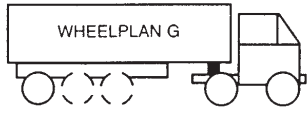


TYPE OF VEHICLE	Revenue Weight (kgs)		Taxation Class		Reduced Pollution	
	Over	Not Over	† HGV TC01		◆ HGV TC45	
			12 month rate £	6 month rate £	12 month rate £	6 month rate £
TABLE A 2 axled tractive unit used with any semi-trailer(s) (1,2,3 or more axles) 	12,000	16,000	460.00	253.00	160.00	88.00
	16,000	20,000	520.00	286.00	160.00	88.00
	20,000	23,000	810.00	445.50	160.00	88.00
	23,000	28,000	1,190.00	654.50	190.00	104.50
	28,000	31,000	1,740.00	957.00	740.00	407.00
	31,000	33,000	2,530.00	1,391.50	1,530.00	841.50
	33,000	35,000	5,170.00	2,843.50	4,170.00	2,293.50
	35,000	36,000	6,750.00	3,712.50	5,750.00	3,162.50
	36,000	40,000	9,250.00	5,087.50	8,250.00	4,537.50
	✓40,000	44,000	9,250.00	5,087.50	8,250.00	4,537.50

TABLE B AND C FOR VRO USE ONLY

Licences taken out at these rates do not generally permit the use of semi-trailers with fewer axles. But see special notes below.

It is an offence to use a vehicle with a licence at the wrong rate of duty

TYPE OF VEHICLE	Revenue Weight (kgs)		Taxation Class		Reduced Pollution	
	Over	Not Over	◆ HGV TC01		◆ HGV TC45	
			12 month rate £	6 month rate £	12 month rate £	6 month rate £
TABLE B 2 axled tractive unit used with 2 or more axled semi-trailer(s) only 	12,000	23,000	460.00	253.00	160.00	88.00
	23,000	26,000	590.00	324.50	160.00	88.00
	26,000	28,000	1,130.00	621.50	160.00	88.00
	28,000	31,000	Concessionary rates do not apply at these weights. See Table A above.			
	31,000	33,000				
✓40,000	44,000	9,250.00	5,087.50	8,250.00	4,537.50	
TABLE C 2 axled tractive unit used with 3 or more axled semi-trailer(s) only 	12,000	28,000	460.00	253.00	160.00	88.00
	28,000	31,000	1,090.00	599.50	160.00	88.00
	31,000	34,000	#1,740.00	#957.00	#740.00	#407.00
	34,000	36,000	#2,340.00	#1,287.00	#1,340.00	#737.00
	36,000	38,000	#2,710.00	#1,490.50	#1,710.00	#940.50
	38,000	40,000	#3,950.00	#2,172.50	#2,950.00	#1,622.50
	✓40,000	44,000	3,950.00	2,172.50	2,950.00	1,622.50

Special Notes

- Certain licences (in Table C above) permit the use of semi-trailers with fewer axles.
- # At this rate the tractive unit may also be used with 1 axled semi-trailers provided the vehicle does not exceed the appropriate construction and use weight limits;
- * At this rate the tractive unit may also be used with 2 axled semi-trailers provided the vehicle does not exceed 33,000 kgs total laden weight.
- S44 orders are made by the Secretary of State to give general or specific dispensation from construction and use requirements.
- This leaflet reflects the rates shown in Schedule 1 to the Vehicle Excise and Registration Act 1994. The leaflet is not designed to give comprehensive guidance on construction and use weight limits.
- Further information on tax classes, including exempt vehicles, is contained in leaflet V355/1. Copies are available from Vehicle Registration Offices or from DVLA (Tel: 0870 240 0010).

◆ Applications for licensing in these tax classes must be made at a Vehicle Registration Office.

† For post offices - only applications on V11 are acceptable for these classes.

✓ Applies only to vehicles issued with an order under S44 of the Road Traffic Act 1988

Rates for 3 axled tractive units are shown overleaf.

Annex A: Current VED rates

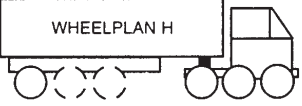


15. † ARTICULATED GOODS VEHICLES OVER 12,000 kgs		PART VIII (11)				
TYPE OF VEHICLE	Revenue Weight (kgs)		Taxation Class		Reduced Pollution	
	Over	Not Over	† HGV TC01		◆ HGV TC45	
			12 month rate £	6 month rate £	12 month rate £	6 month rate £
TABLE D 3 or more axled tractive unit used with any semi - trailer(s) (1,2,3 or more axles)	12,000	23,000	460.00	253.00	160.00	88.00
	23,000	26,000	590.00	324.50	160.00	88.00
	26,000	28,000	1,130.00	621.50	160.00	88.00
	28,000	31,000	1,740.00	957.00	740.00	407.00
	31,000	36,000	2,530.00	1,391.50	1,530.00	841.50
	36,000	38,000	2,820.00	1,551.00	1,820.00	1,001.00
	38,000	41,000	3,750.00	2,062.50	2,750.00	1,512.50
 Vehicles engaged in combined transport or issued with an order under S44 of the Road Traffic Act 1988	■ 41,000	44,000	7,250.00	3,987.50	6,250.00	3,437.50

TABLE E AND F FOR VRO USE ONLY

Licences taken out at these rates do not permit the use of semi-trailers with fewer axles.

It is an offence to use a vehicle with a licence at the wrong rate of duty

TYPE OF VEHICLE	Revenue Weight (kgs)		Taxation Class		Reduced Pollution	
	Over	Not Over	◆ HGV TC01		◆ HGV TC45	
			12 month rate £	6 month rate £	12 month rate £	6 month rate £
TABLE E 3 or more axled tractive unit used with 2 or more axled semi - trailer(s) only	12,000	28,000	460.00	253.00	160.00	88.00
	28,000	31,000	660.00	363.00	160.00	88.00
	31,000	33,000	1,000.00	550.00	160.00	88.00
	33,000	34,000	1,470.00	808.50	470.00	258.50
	34,000	36,000	2,100.00	1,155.00	1,100.00	605.00
 Vehicles engaged in combined transport or issued with an order under S44 of the Road Traffic Act 1988	■ 41,000	44,000	7,250.00	3,987.50	6,250.00	3,437.50
TABLE F 3 or more axled tractive unit used with 3 or more axled semi - trailer(s) only	12,000	33,000	460.00	253.00	160.00	88.00
	33,000	34,000	570.00	313.50	160.00	88.00
	34,000	36,000	860.00	473.00	160.00	88.00
	36,000	38,000	1,280.00	704.00	280.00	154.00
	38,000	41,000	2,500.00	1,375.00	1,500.00	825.00
 Vehicles engaged in combined transport or issued with an order under S44 of the Road Traffic Act 1988	■ 41,000	44,000	1,280.00	704.00	280.00	154.00

◆ Reduced Pollution SPECIAL TYPES VEHICLES TC58

16. † "SPECIAL TYPES" VEHICLES TC57		PART VI		12 month rate £	6 month rate £	12 month rate £	6 month rate £
(Those used to carry abnormal indivisible loads - in conjunction with a Special Types General Order).				5,170.00	2,843.50	4,170.00	2,293.50

◆ Applications for licensing in these tax classes must be made at a Vehicle Registration Office

† For post offices - only applications on V11 are acceptable for these classes.

■ Applies only to vehicles engaged in combined transport or issued with an order under Section 44 of the Road Traffic Act 1988

ANNEX B: RESPONSE FORM



RESPONDING

This Annex is a response form that we would like you to use to give us your answers to the questions to be found in the main body of the document. *It would greatly ease the analysis of responses if you used this form* and returned it to the Driver and Vehicle Licensing Agency (DVLA) by **12 January 2001**:

LORRY VED CONSULTATION
Vehicle Policy Group
DVLA
Longview Road,
Swansea SA6 7JL
Fax (01792) 782056

Alternatively, you can e-mail response to:

vehpol.dvla@gtnet.gov.uk

Please note that

- a. *Although all responses to this document will be considered carefully, responses will not be acknowledged individually.*
- b. *Responses, and the names of respondents, may be quoted and made available to the public. You can, however, indicate on the form under question one that you do not wish this information to be made available in this way.*

Q1. Are you prepared to allow your response or name to be quoted, or made available to the public?

A1.a Yes

A1.b No (tick one)

Q2. Do you agree with the objectives of the reforms?

A2.a Yes

A2.b No (tick one)

A2.c comments

Q3. Do you agree with the overall direction of the reforms?

A3.a Yes

A3.b No (tick one)

A3.c comments



Q4. Do you agree that vehicle weight, the number of axles and the amount of pollution produced are the best criteria for determining the degree of track and environmental damage imposed by different lorries?

A4.a Yes

A4.b No (tick one)

A4.c *comments*

Q5. Do you agree with the Government's objective to rationalise and reduce the number of lorry VED bands?

A5.a Yes

A5.b No (tick one)

A5.c *comments*

Q6. Would broader rate bands make it easier for you to carry different weight loads and change axle formation, especially when using trailers?

A6.a Yes

A6.b No (tick one)

A6.c *comments*

Q7. Do you agree that the rate bands should be broadly based on the environmental and track costs that lorries impose?

A7.a Yes

A7.b No (tick one)

A7.c *comments*

Q8. Do you think that the illustrative lorry VED rates and the relationship between them appropriately reflects environmental considerations and international competitiveness concerns?

A8.a Yes

A8.b No (tick one)

A8.c *comments*

Q9. What improvements would you like to see made to the administration of lorry VED?

A9 *comments*



ANNEX B: RESPONSE FORM

Q10. Please describe and quantify any costs of compliance with the first element of reforms described above that you envisage.

A10.a First year costs

.....

A10.b Continuing costs

.....

A10.c Please explain

.....

Q11. Do you have any other comments on the issues raised in this document?

All

.....

.....