Isle of Man Government

VEHICLE DUTY CONSULTATION
Possible futures for car tax

Highway Services Division
Department of Infrastructure

Foreword

We believe that it is the right time to take a step back and review the future of vehicle duty both in the short and the long term. The way we all live our lives is changing and new technologies over the coming years will accelerate the pace of change. These changes will create great opportunities for the community of the Isle of Man to flourish.

Vehicle Excise Duty (VED) is the tax that must be paid for most vehicles that are either driven or parked on public roads. It is commonly referred to as car tax. At the moment VED is payable yearly and rates are based on many factors, including the date of manufacture, the engine size, the class of vehicle and the theoretical carbon dioxide emissions.

Nominally, this tax pays for the maintenance of our road infrastructure. The road network is the single largest asset that the Isle of Man has and we may sometimes forget that it is fundamental to our cultural, social and economic wellbeing.

Over the years the application of this tax has become more and more complicated as the Department has tried to reward particular buying decisions and address the concerns of various lobby and interest groups. It is now a very complicated tax to administer and understand.

We hope you find the contents of the paper useful and we thank you for taking the time to inform the debate at https://consult.gov.im/infrastructure/future-of-car-tax.

Hon R K Harmer MHK
Minister, Department of Infrastructure

Introduction

Without roads the Island's economic, social and cultural life could not exist in the way that we currently understand it. Roads make a crucial contribution to the Island's sustainability. They facilitate continued economic activity and development, which creates the wealth required to maintain cultural and social benefits such as housing, medical care and education. They are more than this though, they are the stage on which we live and it is increasingly recognised that flourishing streets help create and sustain flourishing healthy communities.

The Island has a total of 683 miles (1,100 km) of public roads. Based on a road construction cost of £1 million per kilometre it would cost £1,000,000,000 to replace the entire road network. Compared to many places the length of road per head of population is high, consequently the maintenance costs per capita are relatively high.

The Department is currently only able to spend approximately £13 million a year to maintain the existing highway network of roads, structures and public rights of way. In common with many areas of Government this amount has reduced significantly over the last decade. Vehicle duty will raise approximately £13 million this year.

Fuel duty is collected by Treasury and some additional capital project funding is provided to the Department by Treasury each year to supplement the £13 million raised by the vehicle duty.

Highway maintenance has increased its efficiency substantially over the last 8 years, but resource reductions, including a reduction in maintenance employee numbers of around 50%, are making it increasingly difficult to meet public and political expectations.
Some people feel that the current application of vehicle duty is inappropriate, unfair or inconsistent. Concerns include:

- Complexity
- Inconsistencies
- High commercial rates hold back economic development
- Sustainability
- Rates are higher than the UK

The information in Appendix 1 summarises the approach taken in other jurisdictions; however, as countries move towards the end of the production of petrol and diesel powered vehicles by 2040, most existing funding models will have to be replaced or adapted to adjust for the loss of income from fuel duty.

The Department must generate income to maintain the road network. Therefore this paper does not propose removing some form of duty, but seeks the public's views as to how it can best achieve the revenue it needs to ensure that the road network is maintained.
The next part of this paper explains the key issues.

Key Issues

Additional duty on fuel

The Department has been asked on many occasions to add the duty to the cost of petrol or diesel so that all people who use the roads will pay towards their upkeep. Unfortunately, it is not possible to do this. The Attorney General advised Tynwald in December 2010 (excerpt from Hansard 14 Dec 2010):

> Paragraph 6.1 of the Customs and Excise Agreement entered into between the United Kingdom and the Isle of Man provides that our Government agrees to keep all Customs duties, Excise duties and Value Added Tax at the same rates and subject to the same conditions and reliefs as in the United Kingdom, subject to certain exceptions.
>
> Accordingly, Excise duties collected on hydrocarbon oil used in the Island are linked to those charged in the United Kingdom. It may be observed that the Agreement does provide for the Isle of Man Government to allow a supplementary rebate, not exceeding 2.2 pence per litre on hydrocarbon oil used in the Island, but there is no provision in the Agreement for any supplementary charge....
>
> Mr President, the Customs and Excise Division believe now, as they did in June 2009, that the United Kingdom would resist any application by the Island to apply a higher rate of Excise Duty on hydrocarbon oil than is charged in the United Kingdom. In those circumstances, I am of the opinion that, in the absence of agreement of the United Kingdom, it would not be legally possible to impose an increased rate of Excise Duty on hydrocarbon oil, as suggested by the Hon. Member's Question, since that would be in breach of the Customs and Excise Agreement.

Further reasons why additional duty on fuel would not be a good idea follows the recent announcement by the French and United Kingdom governments that no new petrol or diesel powered vehicles will be sold after 2040 and Volvo's announcement that they will not sell any new petrol or diesel only vehicles after 2020. In the medium term this policy could lead to a significant reduction in fuel use and therefore duty, meaning the Department would need to look again at other ways to raise revenue in the near future. If this proposal was a possibility then the Department would have to include future proofing provisions or revisit this issue in a few years' time.

Emissions based charging

The current Vehicle Duty Order includes provisions for raising duty based on CO_2 emissions. This was designed to increase awareness of the pollution caused by motor vehicles and to encourage a move to less polluting vehicles. The data used to produce the various levels in the Order is based on manufacturers' data and since 2010 has formed an integral part of the Vehicle Duty Orders. The Department uses the manufacturers' figures as the Department does not test for emissions on the Island. Recently there has been well publicised cases of major vehicle manufacturers cheating the emissions testing system, meaning that owners of those cars will not only be driving a more polluting vehicle than they thought but that they could be paying less duty than they should.

In addition, although the environmental measure in the current process relates to CO_2, recent reports in the United Kingdom suggest this is not the most dangerous product in exhaust emissions. Current thinking is the production of Nitrogen Oxides (NOx) is of greater concern.

Vehicle Grouping

The current system of allocating vehicles into differing bands of duty rate is confusing and creates inconsistencies. The schedule to the Vehicle Duty Order 2017 is attached as Appendix 2 to illustrate this point. The Department recently proposed a simplification of this system and a more logical approach to duty payment but was unable to secure support for the proposal in Tynwald Court. One proposal is to simply identify how much revenue needs to be raised then divide that figure according to the different vehicle categories, for example motorbikes, cars, vans, buses, goods vehicles, etc. or simply charging each vehicle the same. Caveats could be included for historic or veteran vehicles, electric or hybrid vehicles and a weighting applied so that larger vehicles pay more to make up the shortfall.

According to the vehicle licensing database (Friday 4 August 2017) there were 70,916 vehicles recorded as having current VED and using the road. Of these vehicles 1,518 are exempt from any payment towards VED. On the need to raise the current budget figure of £13,000,560 this would relate to a single vehicle being required to pay £187.33 each year. This obviously does not allow for any of the caveats above but would be a simple system to implement and operate. A weighting could then be added to smaller less damaging vehicles such as motorbikes and cars in that they could be required to pay lower levels of duty whilst larger heavier vehicles such as goods vehicles or buses could pay higher fees. Although this type of proposal is budget based, it could include some element of environmental control or inducement.

Comparisons with the United Kingdom

From April 2017 the United Kingdom introduced a new vehicle duty system based on CO_2 emissions. Depending upon the level of CO_2 produced, a one-off fee is paid for the first year based on a sliding scale from £0 for vehicles producing 0 grams /km to a maximum of £2,000 for vehicles producing in excess of 225 grams /Km.

After the first year, the amount of tax that needs to be paid depends on the type of vehicle. The rates are:

- £140 a year for petrol or diesel vehicles
- £130 a year for alternative fuel vehicles (hybrids, bioethanol and LPG)
- £0 a year for vehicles with zero CO2 emissions

If a vehicle cost in excess of £40,000 as determined by the manufacturer's list price there is an additional charge of £310 per year for 5 years, starting from the second time the vehicle is taxed.

Vehicles registered before April 2017 still have to comply with the previous emissions based system; those registered before 2001 are still charged according to engine capacity.
This scheme appears to offer a system that is clear. It recognises that many cars now have low emissions and incentivises zero emissions whilst still giving a small benefit to alternative fuels. It also appears to act as a tax on those who wish to buy more expensive vehicles.

The UK operates a separate system for heavy goods vehicles over 3.5 tonnes weight that it varies charges with weight but incentivises vehicles that cause less damage to the roads and less harm to the environment.

Paying per mile

As more cars that qualify for reduced duty there is less revenue to spend on our roads. One option would be to scrap fuel and vehicle taxes and replace them with a pay-per-mile charging scheme.

This would provide a form of taxation based on the number of miles a car covers. Heavier, more polluting vehicles would pay a higher mileage rate, so drivers could be persuaded into more environmentally friendly and efficient cars. Using telematics a price can be worked out for the road tax due by that vehicle based on use.

A further benefit of this method is it would also collect revenue from electric and low emissions vehicles. Some might see that as an unfair penalty on these machines, but it should be borne in mind they still use the road and have an impact on its maintenance, so many people would think it fair that they still shoulder some of the burden of repairs and upgrades.

In 2004, the UK Department for Transport published a feasibility study into whether and how road pricing might work across the UK as a whole. The Department of Transport's study identified that a scheme which relates to time, place and distance captures the amount of driving taking place, in addition to where and when, and it had the following key advantages:

- road users can make choices influenced and informed by pricing signals throughout their journeys, rather than just once or twice each day
- short journeys are recognised as such, as are long journeys. Hence, charging relates much more closely to the use made of the network and the real contribution that a vehicle makes to congestion and other environmental effects, and, as a result
- much better use is made of road capacity.

California has just completed a pilot programme called Road Charge, an innovative funding mechanism that allows drivers to support road maintenance based on the distance they travel or the period of time they use the roads, rather than the amount of fuel they consume.

California is considering the road charge approach as a potential replacement for their fuel tax as revenue raised by fuel tax is insufficient to preserve and maintain the road infrastructure.

California has also suggested that there are other options that are being considered to raise further funding for road maintenance, including:

- increasing vehicle license fees
- increasing fuel tax
- increasing vehicle sales taxes
- tolling more roads or
- allocating state money from other areas

Road charging is a promising, long-term option to address the systemic problems with their current fuel tax system.

Mileage-based charges can be challenging to deploy because the payment systems are more costly and complex than simply collecting tax at the pump or for a licence, but it is likely to be technically achievable; indeed, insurance companies are already using the technology. However, some people will be concerned about the Government having information about where they are driving.

Encouraging active travel

London's congestion charge is designed to encourage motorists to use other modes of transport and has helped London become the only major city in the world to see a shift from private car use to public transport, walking and cycling. Transport for London introduced congestion charging in February 2003 because London suffers from the worst traffic congestion in the UK, and among the worst in Europe. The congestion charge aims to reduce congestion within a specified area of central London. The charge operates from Monday to Friday between 07:00 and 18:00 and is currently an £11.50 daily charge; it does not apply at weekends, during bank holidays or between Christmas Day and New Year's Day.

Exemptions and discounts are available to certain categories of vehicles and individuals and the following are automatically exempt:

- London licensed taxis and private hire vehicles
- Motorcycles
- Bicycles
- Vehicles with nine or more seats that are licensed with the DVLA, such as buses

Residents of the congestion charging zone are eligible to register for a 90 per cent discount, which means they would pay a minimum of £5.75 for five consecutive charging days. Blue Badge holders are eligible to register for a 100% discount and so pay no daily charge. Businesses and other organisations operating a fleet of at least 6 vehicles, including cars, can register for the Congestion Charging Fleet Scheme and pay £10.50 per day per vehicle. From 23 October 2017, cars, vans, minibuses, buses, coaches and heavy goods vehicles in central London will need to meet minimum exhaust emission standards or pay a daily £10 Emissions Surcharge (also known as the Toxicity Charge, or T-Charge). This will be in addition to the congestion charge.

Whilst congestion on the Island is nothing like that of London, the principle of incentivising the use of active travel by increasing the cost of motoring could be considered. The difficulty will be in making sure that those who live in more rural areas with less frequent bus services are not priced off the roads and left isolated and unable to access the services they need. It might be possible to charge people who do not live in major centres of population a charge for driving into the town during working hours on weekdays, though careful consideration would have to be given to the impact on businesses.

Payment by instalments
Irrespective of what system is introduced for future vehicle duty, many people have requested the option to pay by monthly instalments. It is currently not possible to do this within the Government's IT system, but processes are being developed that could be introduced in the near future. There may need to be a small charge to cover the cost of administration but that would have to be decided once the means to charge have been identified.

Shorter vehicle duty period
As with instalments, the Department has received many requests to allow vehicle owners and operators to apply for shorter periods of vehicle duty. A majority of the requests have come from members of the haulage industry who tend to have cyclical business patterns often during the summer months. They have requested the introduction of a six month period of duty so they can have their vehicles taxed when they are working but not have to pay to keep them off-road when they are not. Similar requests have come from those who own motorcycles or motorhomes.

If less duty was raised through this process, this is possible but others will have to pay more to maintain the overall funding level.

New licensing technology
The Department has considered using vehicle number plate recognition systems to check that cars using the road are properly taxed. As the vast majority of motorists tax their vehicles before using the roads, the Department believes that any enforcement that stops people cheating will be supported by the 95% of people who pay promptly for their road tax. A trial of the technology has shown that it can be successfully used on the Island and the Department is now preparing to implement this technology.

If these systems are used often enough at differing places across the Island, it should be possible to remove the need to display a tax disc, simplifying the system of paying for car tax. The Department already allows vehicle owners and operators to pay online as long as the insurance industry database shows that the vehicle is properly insured. Removing the need for a paper disc would make this system cheaper and quicker.

Taking Part in the Consultation

The Department invites you to take part in this consultation by completing this questionnaire.

Thank you for taking the time to read this paper and sending back your answers to the questions. You can take part in this consultation by filling in the questionnaire online at https://consult.gov.im/infrastructure/future-of-car-tax it will take about 10 minutes.

The closing date for consideration of responses is Friday 23rd February 2018.

The Department will review the feedback to this consultation before deciding on how to progress in the short and long term.

Information provided in response to the consultation will be dealt with in accordance with the access to information regimes. These are primarily the Guidance on the Code of Practice on Consultation and the Code of Practice on Access to Information. Please also note that the Department of Infrastructure is subject to the Freedom of Information Act.

Unless you specifically requested otherwise, responses received may be published either in part or in their entirety, together with the name of the person or body that submitted the response. If you are responding on behalf of a group please make clear your official position.

The purpose of consultation is not to be a referendum but an information, views and evidence gathering exercise from which informed decisions can be made.

Alternative Channels
If you prefer to submit your submission by email please send it to doiconsultation@gov.im noting Vehicle Duty in the subject/title. If you prefer to submit your submission in writing it can be delivered in an envelope marked *Vehicle Duty Consultation, Highway Services Division, Department of Infrastructure, Sea Terminal Building, Douglas, Isle of Man, IM1 2RF.*

1. The repair of the Island's roads is largely funded by the £13m raised from vehicle duty. How should road maintenance funded?
   a. Continuation of a vehicle duty system
   b. Charge per mile driven
   c. An additional vehicle purchase tax
   d. None of the above

2. Should vehicle tax be used to influence people's purchasing decisions?
   a. No
   b. Yes- to modernise the Island's vehicle fleet
   c. Yes- to increase the adoption of safer vehicles
   d. Yes- to penalise high emissions
   e. Yes- to reduce engine size
   f. Yes- to promote electric vehicles

3. Would this change your vehicle purchasing decisions?
   a. No
   b. Yes

4. What main outcome should the Department seek from the tax system in addition to raising a given amount of money?
   a. No other outcome, just collect the money needed
   b. It should give a simple flat rate for all vehicles
   c. It should reduce the burden on the less well off
   d. It should help protect the environment
   e. It should help protect the road from damage
   f. It should encourage safer and less polluting vehicles
   g. It should reduce the number of cars people own

5. How much more should the highest tax charge be compared to the lowest charge?
    a. 20 time more
    b. 10 times more
    c. 5 times more
    d. 2 times more
    e. It should be the same

6. How many different payment bands should there be for cars and motorbikes?
    a. 1
    b. 2-4
    c. 4-10
    d. More

7. Should there be a Vehicle First Registration tax on the Isle of Man?
    a. No- it will put people off buying modern clean and safe vehicles
    b. Yes- people with the money to replace their existing car can afford to pay more

8. Should older vehicles progressively pay more vehicle tax on the Isle of Man?
    a. No- it penalise those who cannot afford to upgrade
    b. Yes- it will encourage people to drive more modern cars, which are safer and better for the environment

9. Should classic vehicles continue to benefit from reduced tax rates?
    a. No- if people can afford to keep an old vehicle as a hobby they should pay for the roads like anyone else.
    b. Yes- classic vehicles tend to be used only occasionally and make an important contribution to lots of community events

10. Should a visiting vehicle pay a contribution whilst it is on the Island?
    a. Yes
    b. No

11. Should changes to vehicle tax be targeted only to new registrations?
    a. Yes – it could adversely affect some people more than others
    b. No – we need to simplify the complex bands
    c. All vehicles should be included but the changes should brought in over a number of years so there are no sudden changes

12. The cost of collecting vehicle tax could be reduced by the use of simplified charging systems and/or technology. Which of these would you support?
    a. Enforcement through Automated Number Plate Recognition systems
    b. Create a very simple tax system focused on simplicity of administration and payment
    c. Neither, the charging system needs to be complex to facilitate the many groups, interests and objectives that Government wants to pursue

13. Should the Island introduce a congestion charge to drive into major centres of population?
    a. Yes
    b. No

14. Do you have any further comments that you would like to make?

Appendix 1 - How are roads funded in other jurisdictions?

Many jurisdictions have a centrally funded road building and maintenance programme. Revenue from licensing, vehicle duty, fuel duty and purchase taxes combined with road and bridge tolls are collected and deposited with the government, either state or federal who then allocate a budget for roads. It should be noted that some countries tolls are collected for a specific road or bridge and are not added to the central funding pot.

United States

In the United States it is believed that the lion's share of transportation funding should come from user fees (the amount users pay directly for a service, such as tolls) and user taxes (the amounts a user pays, based on usage, for transportation, such as fuel and motor vehicle license taxes). When road funding comes from a mix of tolls and petrol taxes, the people that use the roads bear a sizeable portion of the cost. By contrast, funding transportation out of general revenue makes roads "free," and consequently, overused or congested. Nationwide in 2011, highway user fees and user taxes made up just 50.4% of state and local expenses on roads.

Statistics show that total road spending by state and local governments equates to an average of 5.1 cents per mile driven. To cover these costs, Americans paid an average of 0.4 cents per mile in tolls and user fees, 1.4 cents in state fuel taxes, and 0.8 cents in vehicle license taxes. The remaining 2.5 cents was covered by general state and local revenues (1.0 cent) and federal revenues paid (0.9 cents derived from the federal gasoline tax and 0.6 cents derived from general federal revenues).

When comparing the proportion of road spending covered by user fees and user taxes by state, Delaware, Hawaii, Florida, and California raise 64% or more of their transportation spending from user fees and user taxes. By contrast, Alaska, South Dakota, Wyoming, and Louisiana raise less than 25% of their transportation spending from user fees and user taxes, instead subsidising heavily from general revenues.

Part of the issue regarding a perceived lack of funds is the fact the gasoline tax has not been raised by central government since 1993 when it was set at the current level of 18.4 cents per gallon.

Germany

Germany does not have a national highway fund. Federal highways are funded by the government through a combination of general revenue and receipts from tolls imposed on goods vehicle traffic. The revenues from the German taxes on petrol and motor vehicle registration accrue to the federation but they are not tied to highway maintenance or construction.

The annual federal budget has a highway construction plan that describes ongoing and planned construction projects and lists the revenues achieved by the federation that are tied to highway construction and maintenance.

Germany taxes petrol consumption within the framework of an energy tax and the operation of motor vehicles through a motor vehicle tax. In popular opinion, these taxes serve to finance highway construction and maintenance, yet there is no legal requirement for limiting their use to these purposes.

Germany has not contemplated alternative means of highway funding, such as a vehicle-miles-travelled (VMT) tax. Instead, consideration has been given to the desirability of introducing tolls for passenger cars on federal highways. Recently Germany has introduced a new toll scheme which is imposed only on passenger cars registered in other countries, on the theory that Germans already pay enough for vehicle usage through the taxes on motor vehicles and petrol.

France

French roads are divided into three main categories: municipal, departmental, and national. The latter category includes both highways and other national roads. Different levels of government have jurisdiction over different types of roads, but the construction of new roads is often financed by more than one source. No special tax or duty is specifically tied to funding road infrastructure, except many French highways are funded by tolls. These toll highways are often managed by private companies under a concession system. A recent effort by the French government to impose tolls on heavy goods vehicles using national roads and highways that do not come under a concession regime was postponed in the face of strong popular opposition.

New road developments can be financed by governmental spending (either by the state on its own, or in partnership with other levels of government, such as regions or departments) or by public-private partnerships.

Public-private partnerships allow the state to hire a private company to take charge of one or more aspects of a new infrastructure project, such as financing, planning, construction, maintenance, or management.

Japan

There are over 1.2 million kilometres of roads in Japan, about 8,000 of which are expressways. Most expressways charge a toll based on the distance a vehicle has travelled. A toll booth when entering the expressway gives the driver a ticket which is then paid for when exiting the expressway.

Japan also has urban expressways, which are intra-city routes that can be found in most large urban areas. Because of the lack of space in Japanese cities, these expressways are often constructed as viaducts above other roads. All expressway systems, whether national or urban, have been privatized due to the debt amassed when they were built. They are operated by different companies but operate on a flat rate toll system.

In addition to the expressway system, Japan has a nationwide system of national highways. These roads are of the same standards as the modern expressways but do not require the payment of tolls. They are administered by the Ministry of Land, Infrastructure and Transport and other government agencies. Responsibility for the development or maintenance falls on the prefecture or the municipality with support from the national government of up to half the budget cost.

Australia

Under Australia's federal arrangements, state and local governments are responsible for road construction and maintenance. However, the federal government provides funding assistance under various Programmes. The federal government also collects a fuel excise tax, a Goods and Services Tax on fuel and vehicle sales, and a road user charge that applies to heavy vehicles based on fuel consumption. State governments collect vehicle registration fees and vehicle stamp duties. Federal revenue from road transport-related activities is added to the general revenue pool and is not earmarked for road infrastructure expenditure. Rather, expenditure under the various funding Programmes is appropriated as part of the annual budget process.

In addition to federal, state and local revenue, private sector investment is also a source of funding for some roads and three states maintain networks of toll roads.

New Zealand

Revenue for land transport comes mostly from motorists through fuel excise duty (petrol tax), road user charges on diesel vehicles (RUC), and vehicle licensing charges. The Land Transport Management Act 2003 ring-fences this revenue for investment in land transport, including building and maintaining State highways and local roads.

State highways are funded entirely by central government, with maintenance responsibilities and expenses falling on the NZ Transport Agency.

The costs of building and maintaining local roads are shared between central government (through the NZ Transport Agency) and local councils. Councils contribute to the cost of their land transport activities from rates and borrowing, in what is known as the 'local share'.

The government's priorities for land transport funding are set out through the Government Policy Statement on Land Transport, which allocates ranges within which road improvements and maintenance can be funded. Each local council then prepares a Regional Land Transport Plan, which the NZ Transport Agency considers when preparing the National Land Transport Programme (NLTP). The NLTP allocates funding to individual road projects. This separation of the Minister from individual funding decisions is designed to help avoid any perceptions of conflict of interest.

Occasionally the government may wish to fund projects which are unable or unsuitable to be funded by charges on motorists alone, or might want to exercise more control over investment than is permitted through this process. In these cases the Crown is able to direct additional funds through the Budget processes.

Appendix 2 - Schedule to the Vehicle Duty Order 2017

SCHEDULE 1

[Article 3]

RATES OF VEHICLE DUTY

PART 1

INTERNATIONAL CATEGORIES

Chapter 1 Motor bicycles (excluding mopeds)			
Category	**Description of vehicle**		**Annual duty**
A1	Motor bicycle (not being a vehicle specified in Part 2), whether or not fitted with a side-car or trailer or both, if the cylinder capacity does not exceed 125 cm^3 and the maximum net power output of the engine does not exceed 11 kw —		
	(a) if the cylinder capacity does not exceed 50 cm^3		£16
	(b) otherwise		£41
A	Motor bicycle (not being a vehicle specified in Part 2), whether or not fitted with a side-car or trailer or both, which does not fall within category A1 —		
	if the cylinder capacity exceeds:	but does not exceed:	
	–	125 cm^3	£41
	125 cm^3	400 cm^3	£52
	Over 400 cm^3		£78

Chapter 2 Very light motor vehicles			
Category	**Description of vehicle**		**Annual duty**
B1	Motor vehicles having 3 or 4 wheels, (not being a vehicle specified in Part 2) not exceeding 550 kg unladen weight —		
	if the cylinder capacity exceeds:	but does not exceed:	
	—	50 cm^3	£16
	50 cm^3	125 cm^3	£41
	125 cm^3	400 cm^3	£52
	>400 cm^3		£78

Chapter 3 Standard motor vehicles Table (a) – Small passenger-carrying vehicles			
Category	**Description of Vehicle**		**Annual duty**
B	Motor vehicle (not being a vehicle specified in Part 2) constructed or adapted to carry not more than 8 passengers excluding the driver and not exceeding 3500 kg maximum authorised mass, being a vehicle not falling in tables (b) or (c), —		
	if the cylinder capacity exceeds:	but does not exceed:	
	—	1000 cm³	£ 54
	1000 cm³	1200 cm³	£ 111
	1200 cm³	1800 cm³	£173
	1800 cm³	2500 cm³	£244
	2500 cm³	3500 cm³	£398
	3500 cm³	5000 cm³	£491
	> 5000 cm³		£522

Chapter 3 Standard motor vehicles Table (b) – Small goods vehicles			
Category	**Description of Vehicle**		**Annual duty**
B	Motor vehicle (not being a vehicle specified in Part 2) not exceeding 3500 kg maximum authorised mass, being a goods vehicle (including a haulage tractor not exceeding that mass, but excluding a dual-purpose vehicle under table (a)) —		
	if the cylinder capacity exceeds:	but does not exceed:	
	0 cm³	1000 cm³	£ 54
	1000 cm³	1200 cm³	£ 111
	1200 cm³	1800 cm³	£173
	1800 cm³	2500 cm³	£244
	2500 cm³	3500 cm³	£398
	3500 cm³	5000 cm³	£491
	> 5000 cm³		£522

Chapter 3 Standard motor vehicles Table (c) – Small motor caravans and corresponding vehicles			
Category	**Description of Vehicle**		**Annual duty**
B	Motor vehicle (not being a vehicle specified in Part 2) not exceeding 3500 kg maximum authorised mass, being a motor caravan, a vehicle which corresponds to a motor caravan, or a vehicle not otherwise included in table (a) or (b).		
	If the cylinder capacity exceeds:	but does not exceed:	
	0 cm^3	1000 cm^3	£54
	1000 cm^3	1200 cm^3	£111
	1200 cm^3	1800 cm^3	£173
	1800 cm^3	2500 cm^3	£244
	2500 cm^3	3500 cm^3	£398
	3500 cm^3	5000 cm^3	£491
	> 5000 cm^3		£522

Chapter 4 Medium commercial vehicles		
Category	**Description of Vehicle**	**Annual duty**
C1	Goods vehicle (not being a haulage tractor or any other vehicle falling within Chapter 3 or 7 or Part 2) which does not exceed - (a) in the case of a tractor unit intended to form part of an articulated vehicle, 12000 kg maximum train weight and 7500 kg maximum authorised mass; (b) 7500 kg maximum authorised mass in any other case.	£309
C1+E	Haulage tractor (not being such a vehicle falling within Chapter 3 or 7 or Part 2) which does not exceed 12000 kg maximum train weight and 7500 kg maximum authorised mass	£247
NOTE: No additional amount of duty is payable in respect of a trailer drawn by such a vehicle		

Chapter 5 Large commercial vehicles			
Category	**Description of vehicles**		**Annual duty**
C	Goods vehicle not constructed to form part of an articulated vehicle (excluding a haulage tractor or any other vehicle falling within Chapter 3, 4, 6 or 7 or Part 2) —		
	if maximum authorised mass exceeds:	but does not exceed:	
	7500 kg	12000 kg	£474
	12000 kg	13000 kg	£687
	13000 kg	14000 kg	£763
	14000 kg	15000 kg	£837
	15000 kg	16000 kg	£911
	16000 kg	17000 kg	£944
	17000 kg	18000 kg	£1026
	18000 kg	19000 kg	£1083
	19000 kg	20000 kg	£1139
	20000 kg	21000 kg	£1198
	21000 kg	22000 kg	£1251
	22000 kg	23000 kg	£1327
	23000 kg	24000 kg	£1422
	24000 kg	25000 kg	£1507
	25000 kg	26000 kg	£1611
	26000 kg	27000 kg	£1704
	> 27000 kg		£1807
	If the vehicle is a farmer's goods vehicle, ½ the above amount of duty is payable.		
C+E	Haulage tractor (excluding such a vehicle falling within Chapter 3, 4 or 7 or Part 2)		£261

Chapter 6 Large articulated commercial vehicles		
Category	**Description of vehicle**	**Annual Duty**
C+E	Tractor unit intended to form part of an articulated vehicle (excluding such a vehicle falling within Chapter 4 or 7 or Part 2), the maximum authorised mass of which exceeds 7500 kg —	
	(a) if the vehicle has 2 axles, where the licence excludes use as part of an articulated vehicle drawing a trailer having more than one axle	£687
	(b) if the vehicle forms part of a farmer's goods vehicle the maximum train weight of which does not exceed 32520 kg	£687
	(c) if the maximum train weight exceeds 32520 kg, when used in a combination of 5 axles and where the licence authorises use as part of an articulated vehicle exceeding that weight	£1877
	(d) if the maximum train weight exceeds 32520 kg when used in a combination of a 3 axle vehicle and a 3 axle trailer	£1363
	(e) otherwise	£1363
NOTE: The duty specified for a motor vehicle falling within this Chapter also applies where the vehicle is drawing a semi-trailer to which this Chapter relates.		

Chapter 7 Commercial vehicles not used commercially to carry goods		
Category	**Description of vehicle**	**Annual Duty**
C or C1	A motor vehicle (not specified in Part 2) which exceeds 3500 kg maximum authorised mass and is not used commercially to carry goods, being — (a) a goods vehicle; (b) a motor caravan or a vehicle which corresponds to a motor caravan; or (c) any other vehicle constructed or adapted to carry not more than 8 passengers excluding the driver - If the cylinder capacity of the engine — (a) does not exceed 2500 cm^3 (b) exceeds 2500 cm^3 but does not exceed 3500 cm^3 (c) exceeds 3500 cm^3 but does not exceed 5000 cm^3 (d) exceeds 5000 cm^3	 £244 £398 £491 £522
C+E or C1+E	Note: the duty specified for a motor vehicle falling within this Chapter also applies where the vehicle is drawing a trailer, but without prejudice to any duty specified in Part 4 in respect of the trailer.	

Chapter 8 Medium and large passenger vehicles		
Category	**Description of vehicle**	**Annual duty**
D1	Minibus— (a) if used commercially (b) otherwise	 £287 £161
D	Motor vehicle constructed or adapted to carry more than 16 passengers excluding the driver— (a) if not used commercially to carry passengers or goods (b) if used commercially to carry passengers but not used commercially to carry goods— (i) single-decked bus (ii) double-decked bus (c) if used commercially to carry goods— (i) if maximum authorised mass does not exceed 7500 kg (ii) otherwise	 £287 £161 £193 £287 The amount specified in Chapter 5 for a goods vehicle to which that Chapter applies
D+E or D1+E	Motor vehicle constructed or adapted to carry more than 16 passengers excluding the driver if used commercially to carry passengers but not used commercially to carry goods.	£287
NOTE 1 A vehicle falling within this Chapter which is used commercially for carrying passengers shall not be regarded as being used commercially for carrying goods if (a) the goods are the passengers' personal effects, or (b) the carriage of goods is incidental to the carriage of passengers and the goods comprise packages of a kind which are customarily carried on a public passenger vehicle.		

PART 2

NATIONAL CATEGORIES

	Chapter 9 Other Categories	
Category	**Description of Vehicle**	**Annual duty**
F	Land Machine	£15
	Agricultural Machine	£49
G	Ground roller	£110
H	Track-laying vehicle steered by its tracks (not being an agricultural machine)	£287
K	Mowing machine	£15
	Pedestrian-controlled vehicle— (a) not exceeding 550 kg unladen weight	 £15

	(b) exceeding 550 kg unladen weight	£49
P	Moped	£15
S	Steam vehicle	£15
	Mobile crane, hoist vehicle, digging machine or other engineering plant (not falling within any other category in this Chapter)—	£287
W	Works truck	£110

PART 3
OTHER CATEGORIES OF MOTOR VEHICLES

Category	Description of vehicle		Annual duty
U	Motor car, heavy motor car, motor tractor or locomotive — (i) which does not fall within Part 1 or 2, or (ii) for which the duty cannot be determined in accordance with Part 1 or 2 by reference to its maximum authorised mass, maximum train weight or seating capacity —		
	if unladen weight exceeds:	but does not exceed:	
	—	550 kg	£72
	550 kg	1000 kg	£137
	1000 kg	1500 kg	£165
	1500 kg	3500 kg	£317
	3500 kg	5500 kg	£541
	5500 kg	7500 kg	£785
	7500 kg	9500 kg	£1045
	9500 kg plus for every 1000 kg by which the unladen weight exceeds 11500 kg		£1329 £139

Note: the duty specified for a motor vehicle falling within this Chapter also applies where the vehicle is drawing a trailer, but without prejudice to any duty specified in Part 4 in respect of the trailer.

PART 4
TRAILERS

Description of vehicle	Annual duty
Trailer —	
(a) if a semi-trailer	No licence required
(b) if drawn by a private veteran vehicle, an electric vehicle, an agricultural machine, or a vehicle falling within Chapter 9 for which a “£10” duty is specified	No licence required
(c) if maximum authorised mass does not exceed 2000 kg	No licence required
(d) otherwise	£152