



## BVRLA Budget Summary 2009

### Scrappage scheme

Motorists are being offered £2,000, of which £1000 will be funded by the motor industry, towards the purchase of a new car or van if they trade in their 10-year-old, or older, vehicle for scrap. The UK scheme will run from mid May 2009 to March 2010 or sooner if the £300 million Government funding is used up.

The dealer will be required to complete all the paperwork for motorists participating in the scheme and arrange for the old vehicle to be scrapped. The dealer will check that the vehicle being traded in and the new one being bought qualify under the scheme:-

Which older vehicles are eligible?

- Passenger car or vans up to 3.5 tonnes
- First registered in United Kingdom on or before 31 July 1999
- Currently registered with DVLA to the registered keeper making the application, or currently on Statutory Off Road Notification (SORN)
- Current MOT test certificate
- Registered Keeper must have a UK address
- The registered keeper has been the registered keeper of the vehicle continuously for the preceding 12 calendar months before the order date of the new vehicle

Which new vehicles are eligible?

- Passenger car or small van up to 3.5 tonnes
- First registered in the UK or after the date the scrappage scheme is introduced and declared new at first registration in the UK with no former keepers
- UK specification vehicle
- Registered to the same registered keeper as the registered keeper of the eligible vehicle to be scrapped

### Vehicle Excise Duty

Budget 2009 confirms the following announcement made last year:-

- from 1 May 2009, there will be an increase in the number of VED bands from seven to thirteen and all rates increase by £5 only;
- from April 2010, all of the 13 VED rates will change again; and
- from April 2010, First-Year Rates of VED (the so called 'showroom tax') for new vehicles will be introduced.

The table below provides the bands and rates.

VED Band	CO <sub>2</sub> emissions g/km	2009-10 standard rate	2010-11	
			First year rate	Standard rate <sup>4</sup>
A	Up to 100	0	0	0
B	101-110	35	0	20
C	111-120	35	0	30

D	121-130	120	0	90
E	131-140	120	110	110
F	141-150	125	125	125
G	151-165	150	155	155
H	166-175	175	250	180
I	176-185	175	300	200
J	186-200	215	425	235
K <sup>+</sup>	201-225	215	550	245
L	226-255	405	750	425
M	Over 255	405	950	435

#### Heavy goods vehicles

- VED rates for heavy goods vehicles will be frozen in 2009-10.
- The Euro V vehicle emissions standard for new heavy goods vehicles will become mandatory on 1 October 2009. As a result, Reduced Pollution Certificates (RPCs) for vehicles achieving early compliance with this standard will no longer be available for new vehicles from that date.
- The Government will introduce measures to incentivise the choice of Euro VI vehicles, once the full details of the standard have been established by the European Commission.

#### Other VED rates

Vehicles	Registration Date	2009-10 12 month rate	2010-11 12 month rate
Not over 1549cc	before 1 March 2001	£125.00	£125.00
Over 1549cc	before 1 March 2001	£190.00	£205.00
Light Goods Vehicles (TC39)	registered on or after 1st March 2001	£180.00	£180.00
Euro 4 Light Goods Vehicles (TC36)	registered on or after 1 March 2003 to 31 December 2006	£120.00	£120.00
Euro 5 Light Goods Vehicle	registered between 1 January 2009 and 31 December 2010	£120.00	£120.00

#### VED refunds and 6 month tax discs

From 1 April 2010 refunds on the unexpired portion of a first vehicle licence for new car in **bands H to M** will only be permitted up to the **standard rate** for cars in those bands and not the additional first year rate, unless the car has been stolen, written off, or become eligible for a nil licence.

First year six month tax disc will only be available for cars falling into bands A to G. This will mean members can only buy a full year's tax disc for new cars falling in band H or higher which is disappointing as it will increase members' costs.

Cars imported into the UK will only pay the First-Year Rate if they are under six months old or have travelled less than 6,000 km. Wider rules on the licensing of vehicles imported into the UK from 23 March 2006 onwards will also be changed from April 2010.

#### Company Car Tax (Benefit in Kind)

From 6 April 2011:

- The basic threshold for the 15 per cent band of Company Car Tax (CCT) will be reduced by 5g CO<sub>2</sub> per km, so that this band applies to cars emitting between 121 and 129g CO<sub>2</sub> per km. The

percentage of list price subject to tax will continue to increase by 1 percentage point with every 5g per km increase in CO2 emissions, to a maximum of 35 per cent;

- The £80,000 cap on the list price of company cars will be abolished, and the full list price of all company cars will be used to calculate the level of benefit that is taxable under CCT.
- The Government is also considering the case for abolishing the diesel supplement in company car tax for diesel cars that comply with the future Euro 6 emissions and air quality standards.

Discounts available for early uptake Euro 4-standard diesel cars, higher-emitting hybrid cars and alternative fuel company cars will now be abolished. Hybrid cars emitting 120g CO2 per km or less will continue to fall within the 10 per cent band of CCT and electric cars will continue to be subject to the 9 per cent band, the lowest for any type of company car.

The 10 per cent band for cars emitting 120g CO2 per km will be removed in 2012 and instead extend the system of CCT bands so that they increase by 1 percentage point with every 5g CO2 per km increase in emissions, from 10 per cent. Details of specific rates and thresholds for 2012 will be announced in future Budgets.

### VAT

The lower rate will be in place until December 2009 after which VAT will revert back to 17.5%.

### Temporary first year allowance

Since 1 April 2008 (corporation tax) or 6 April 2008 (income tax) most businesses, regardless of size, have been able to claim the new Annual Investment Allowance (AIA) on the first £50,000 spent on plant or machinery (excluding cars).

Today's proposal will temporarily allow businesses incurring expenditure of assets (which fall into the main rate pool only) in excess of the AIA limit of £50,000 to between 1 April 2009 (CT) or 6 April 2009 (income tax) and 1 April 2010 (CT) or 6 April 2010 (income tax) to claim a 40 per cent capital allowance relief, instead of the current main rate pool of 20%.

### Fuel duty

Pence per litre (unless stated)	Duty rate pre-1 April 2009	From 1 April 2009*		From 1 September 2009	
		Change	New duty rate	Change	New duty rate
Ultra-low sulphur petrol/diesel	52.35p	+1.84p	54.19p	+2p	56.19p
Sulphur-free petrol/diesel	52.35p	+1.84p	54.19p	+2p	56.19p
Biodiesel	32.35p	+1.84p	34.19p	+2p	36.19p
Bioethanol	32.35p	+1.84p	34.19p	+2p	36.19p
Liquefied petroleum gas used as road fuel	20.77p per kg	+4.05p per kg	24.82p per kg	+2.85p per kg	27.67p per kg
Natural gas used as road fuel	16.60p per kg	+2.66p per kg	19.26 p per kg	+2.9p per kg	22.16p per kg
Rebated gas oil (red diesel)	10.07p	+0.35p	10.42p	+0.38p	10.80p
Fuel Oil	9.66p	+0.34p	10.00p	+0.37p	10.37p

\*As pre-announced at Budget 2007 and confirmed at the 2008 Pre-Budget Report

## VAT fuel scale charges

From 1 May 2009, the VAT fuel scale charges will be revised to reflect updated fuel prices.

CO <sub>2</sub> band, g/km	VAT fuel scale charge, 1 month period, £
120 or less	42.00
125	63.00
130	63.00
135	63.00
140	67.00
145	71.00
150	75.00
155	79.00
160	83.00
165	88.00
170	92.00
175	96.00
180	100.00
185	104.00
190	109.00
195	113.00
200	117.00
205	121.00
210	126.00
215	130.00
220	134.00
225	138.00
230	142.00
235 or more	147.00

## Ultra low carbon vehicles

The Government has committed to support the shift to ultra-low carbon vehicles by:

- up to £20 million will be available to support the roll-out of charging infrastructure needed to grow the market for ultra-low carbon cars. Cities and regions, in conjunction with the private sector, will be able to bid for this seed funding; and
- the majority of the £250 million will be used to reduce up-front costs of early electric and plug-in hybrid cars by between £2,000 and £5,000. The Government will begin discussions with the automotive and finance industries, as well as other key stakeholders, to explore how best to deliver this incentive from 2011.

## Anti-avoidance measures

The Government has published additional anti-avoidance measures for sale and leaseback. For further details please click the link below:

<http://www.hmrc.gov.uk/budget2009/bn33.htm>