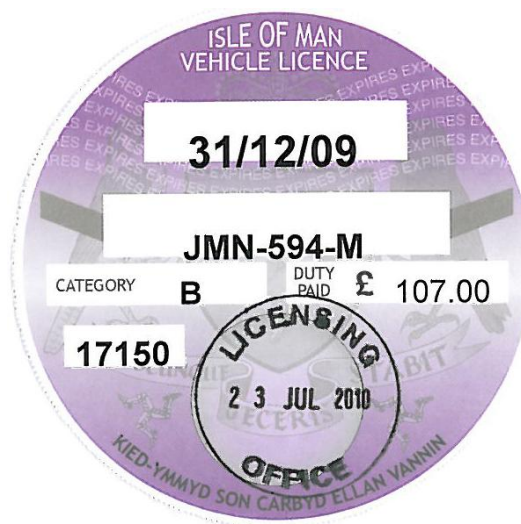


# **HOW SHOULD VEHICLE DUTY BE DETERMINED?**

## **CONSULTATION ON VEHICLE DUTY CHARGING POLICY**



**SUMMER 2010**

### **The purpose of the consultation**

The purpose of the consultation is to provide the public an opportunity to comment on how vehicle duty may be determined in the future.

At the same time a separate consultation is being undertaken on the level of duty charged veteran vehicles, which are over 25 years old.

The views obtained from this consultation will assist with the development of future policy.

### **Copies of Consultation Documents**

Copies of this document and other consultation documents issued by the Department are available during normal office hours from the Department of Infrastructure's Reception at the Sea Terminal Building, Douglas. IM1 2RF. Tel 686600. Consultation documents are also available on the Government's consultation website <http://www.gov.im/consultations.gov>.

### **How to submit your views**

Your views may be expressed by completing the questionnaires and comments and returning them to -

Highways Division,  
Department of Infrastructure,  
Sea Terminal Building,  
Douglas,  
Isle of Man  
IMI 2RF

Alternatively completed forms may be faxed to 686920 or emailed to [enquiries@highways.gov.im](mailto:enquiries@highways.gov.im)

Further information about this consultation may be obtained from Nicola Hodson, Acting Contact Centre Manager Tel. 686753 or email [Nicola.Hodson@gov.im](mailto:Nicola.Hodson@gov.im)

Comments or complaints about the consultation process should be forwarded to Mrs Marion Keelan, Highways Customer Services Manager at the address above or by email to [Marion.Keelan@gov.im](mailto:Marion.Keelan@gov.im).

### **Consultation period**

A six week consultation period has been allocated for this consultation and responses should be submitted by 5pm on Tuesday 7 September 2010.

## **HOW SHOULD VEHICLE DUTY BE DETERMINED?**

The Department is reviewing the way vehicle duty is determined and would appreciate your views on this subject. Vehicle duty is an annual tax on the owners of vehicles using public roads which is expected to contribute over £10m to General Revenue during 2010/11.

The Department's aim when proposing changes to vehicle duty is to maintain the value of revenue derived from this duty which is set against the costs of road maintenance, funding road safety measures, recovering administration costs and, recently, encouraging the ownership of lower pollution vehicles. The 2010/11 budget for road and footpath maintenance is £14m.

Vehicle duty for motorcycles, cars, vans and motor-homes has traditionally been based on engine capacity with duty increasing incrementally according to the size of the engine. Duty for heavy goods vehicles is based on maximum weight which can be carried by the vehicle. Duty for other categories of vehicle such as veteran vehicles, mopeds, agricultural vehicles and others has historically been kept at minimum levels which don't always meet administration costs of issuing the tax disc.

A change to the charging policy for cars and vans of determining duty by engine capacity, to CO<sub>2</sub> emissions, was introduced on 1<sup>st</sup> April 2010 for new and second-hand vehicles, brought onto the Island from that date. It is anticipated that about 3000 vehicles per year will be charged duty based on CO<sub>2</sub> emissions rather than engine capacity and this change in policy is aimed at influencing choice of vehicle when purchasing a new or nearly new car.

Although CO<sub>2</sub> emission data has been available from manufacturers for most cars built since 2000, until September 2008 it was not possible to include this information on the vehicle registration database. It would be possible for vehicles registered on the Island after September 2008 to be subject to duty based on CO<sub>2</sub> emissions instead of engine capacity, and this would mean a further 5000 vehicles could be brought into the new regime.

However if it was felt that duty for all vehicles should be based generally on CO<sub>2</sub> emission data instead of engine capacity, this would require a substantial project of updating approximately 50,000 vehicle details and registration certificates for vehicles registered between 2000 and September 2008.

## CONSULTATION ON VEHICLE DUTY CHARGING POLICY

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The purpose of the consultation and the questionnaires attached is to enable the Department to obtain a general view of how vehicle duty should be determined in the future and if the introduction of charging by CO<sub>2</sub> emissions should be accelerated.

This document is available on line at <http://www.gov.im/consultations.gov> and the questionnaires can be completed and emailed to [enquiries@highways.gov.im](mailto:enquiries@highways.gov.im) or returned to -

Highways Division,  
Department of Infrastructure,  
Sea Terminal Building,  
Douglas,  
Isle of Man  
IMI 2RF

The questionnaire's are split into three categories,

- motorcycles,
- cars, vans, minibuses and motorhomes, and
- heavy goods vehicles.

### **PLEASE NOTE –**

#### **Duty on fuel has not been included.**

It is regularly suggested when considering the fairest way to charge for a 'road tax' that vehicle duty should be scrapped and replaced by an additional 'fuel tax'. If it were allowed an additional charge of 24p per litre, including VAT, would be required to recover the £10m currently raised by vehicle duty, however, it is neither legal nor practical for such an additional duty to be added to the cost of fuel because of a variety of constraints, one of which is the Customs and Excise Agreement with the UK, freely entered into by the Isle of Man Government.

**1. DO YOU THINK VEHICLE DUTY FOR MOTORCYCLES SHOULD BE DETERMINED BY –**

Please tick or circle

1	Engine capacity?	Yes		No	
2	CO <sub>2</sub> emissions? (when available from manufacturers in 2015)	Yes		No	
3	Fuel Type? (Petrol/diesel/ electric/hybrid)	Yes		No	
4	Mileage? (this would require annual testing to be introduced)	Yes		No	
5	*Flat rate of duty? (approximately £140 per vehicle p.a.)	Yes		No	
6	Combination of options? (please choose 2 options) Option 1 First choice number [ ] Option 2 Second choice number [ ]	Yes		No	
7	Other				

\* Flat rate of duty of approximately £140 per annum would be required to be paid by all vehicles. It would be increased annually in accordance with RPI. It would however be possible to have different flat rates for different vehicle types.

**2. DO YOU THINK VEHICLE DUTY FOR CARS, VANS, MINIBUSES AND MOTORHOMES SHOULD BE DETERMINED BY –**

Please tick or circle

1	Engine capacity?	Yes		No	
2	CO <sub>2</sub> emissions from manufacturer's details?	Yes		No	
3	Fuel Type? (Petrol/diesel/ electric/hybrid)?	Yes		No	
4	Mileage? (this would require annual testing to be introduced)	Yes		No	
5	*Flat rate of duty? (approximately £140 per vehicle p.a.)	Yes		No	
6	Vehicle size, i.e. length, width, height? (these details are not always available from manufacturers V55 and would therefore require testing prior to registration)	Yes		No	
7	Combination of options? (please choose 2 options) Option 1 First choice number [    ] Option 2 Second choice number [    ]	Yes		No	
8	Other				

\* Flat rate of duty of approximately £140 per annum would be required to be paid by all vehicles. It would be increased annually in accordance with RPI. It would however be possible to have different flat rates for different vehicle types.

**3. DO YOU THINK VEHICLE DUTY FOR HEAVY GOODS VEHICLES SHOULD BE DETERMINED BY –**

Please tick or circle

1	Engine capacity or engine type?	Yes		No	
2	*Euro Design status ie Euro 3 or Euro 4?	Yes		No	
3	Fuel Type? (Petrol/diesel/ electric/hybrid)	Yes		No	
4	Mileage? (would be recorded at annual testing)	Yes		No	
5	**Flat rate of duty? (approximately £140 per vehicle p.a.)	Yes		No	
6	Number of axles? (duty increased by number of axles)	Yes		No	
7	Maximum laden weight of vehicle (including semi trailer)?	Yes		No	
8	Combination of options? (please choose 2 options) Option 1 First choice number [    ] Option 2 Second choice number [    ]	Yes		No	
9	Other				

\* Goods vehicles are now designed to Euro standards with lower pollution.

\*\* Flat rate of duty of approximately £140 per annum would be required to be paid by all vehicles. It would be increased annually in accordance with RPI. It would however be possible to have different flat rates for different vehicle types.

## CONSULTATION ON VEHICLE DUTY CHARGING POLICY

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Please enter any additional comments here.

Comment

Use additional sheets if required.

### **Optional**

Name \_\_\_\_\_

Address \_\_\_\_\_

Address \_\_\_\_\_

Tel \_\_\_\_\_ Email address \_\_\_\_\_