

**Department of Infrastructure**

**HOW SHOULD VEHICLE DUTY BE  
DETERMINED?**

**CONSULTATION ON VEHICLE DUTY  
CHARGING POLICY  
SUMMER 2010**

# CONSULTATION ON VEHICLE DUTY CHARGING POLICY

## **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.

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 -

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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.

\* 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.

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

Please delete the selection not required

- |   |                                                                                                                                           |       |                                                                                                                                                                                  |
|---|-------------------------------------------------------------------------------------------------------------------------------------------|-------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Engine capacity?                                                                                                                          | Yes   |                                                                                                                                                                                  |
| 2 | CO <sub>2</sub> emissions?<br>(when available from<br>manufacturers in<br>2015)                                                           | Yes   |                                                                                                                                                                                  |
| 3 | Fuel Type?<br>(Petrol/diesel/<br>electric/hybrid)                                                                                         | Yes   |                                                                                                                                                                                  |
| 4 | Mileage? (this<br>would require<br>annual testing to<br>be introduced)                                                                    |       | No                                                                                                                                                                               |
| 5 | *Flat rate of duty?<br>(approximately<br>£140 per vehicle<br>p.a.)                                                                        |       | No                                                                                                                                                                               |
| 6 | Combination of<br>options?<br>(please choose 2<br>options)<br>Option 1 First<br>choice number [ ]<br>Option 2 Second<br>choice number [ ] |       | No                                                                                                                                                                               |
| 7 |                                                                                                                                           | Other | Taxing Fuel is the only fair way. It gives incentives to owners who drive low emission vehicles and a message to the owners of vehicles that pollute most will have to pay most. |

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

Please delete the selection not required

- |   |                                                                                                                                                                                                   |       |    |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|----|
| 1 | Engine capacity?                                                                                                                                                                                  | Yes   |    |
| 2 | CO <sub>2</sub> emissions<br>from<br>manufacturer's<br>details?                                                                                                                                   | Yes   |    |
| 3 | Fuel Type?<br>(Petrol/diesel/<br>electric/hybrid)?                                                                                                                                                | Yes   |    |
| 4 | Mileage? (this<br>would require<br>annual testing to<br>be introduced)                                                                                                                            |       | No |
| 5 | *Flat rate of duty?<br>(approximately<br>£140 per vehicle<br>p.a.)                                                                                                                                |       | No |
| 6 | Vehicle size, i.e.<br>length, width,<br>height? (these<br>details are not<br>always available<br>from<br>manufacturers<br>V55 and would<br>therefore require<br>testing prior to<br>registration) |       | No |
| 7 | Combination of<br>options?<br>(please choose 2<br>options)<br>Option 1 First<br>choice number [ ]<br>Option 2 Second<br>choice number [ ]                                                         |       | No |
| 8 |                                                                                                                                                                                                   | Other |    |
- Taxing Fuel is the only fair way. It gives incentives to owners who drive low emission vehicles and a message to the owners of vehicles that pollute most will have to pay most.

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

Please delete the selection not required

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

Other

Taxing Fuel is the only fair way. It gives incentives to owners who drive low emission vehicles and a message to the owners of vehicles that pollute most will have to pay most.

- \* 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

Please enter any additional comments here.

## Comment

Use additional sheets if required.

Dear Minister/DoI,

I'm delighted that the DoI has introduced an emissions-based vehicle duty as well as giving people the opportunity to consult with the Government. The DoI is in a unique position to positively encourage low emission vehicle ownership on an island that has such a large vehicle-owning population.

I feel the current CO2 emission related vehicle excise duty (VED) should be changed in the following ways:-

- 1.** VED for vehicles in categories B and B1 should be amended to include vehicles registered on or after 1st April 2001 - just as they do in the UK
- 2.** Co2 emissions related VED for band A vehicles should be nil
- 3.** Change the bands on vehicles registered before 1st April 2001 to:
  - \* up to 1000cc petrol or 1500cc Diesel - £125
  - \* over 1000cc petrol or above 1500cc Diesel - £350
- 4.** L Category Electric Vehicle VED should be nil
- 5.** Motorcycle VED A1, A and B1 category vehicles should be based on emissions.
- 6.** A regular MOT should also be introduced to assess emissions on an annual basis. While emissions may be low when a car is introduced the same car measured a few years later is likely to prove much less efficient. This is a particular concern in the case of SUVs.

That said, I believe that in the longer term only tougher fuel taxes will give the right incentive to owners who drive low emission vehicles.

**Optional**  
Name

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Address

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Address

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