

Vehicle Excise Duty

As part of the spring Budget, Chancellor Philip Hammond is increasing Vehicle Excise Duty (VED) rates for cars, vans and motorcycles registered before April 2017 by RPI.

This measure will impact on motorists owning a car, van or motorcycle or using a motorcycle trade licence. According to the Government approximately 98% of motorists owning a car first registered after March 2001 (post-2001 car), but before 1 April 2017 would pay no more than £5 extra VED. Owners of post-2001 vans and pre-2001 cars and vans would pay approximately £5 extra in VED.

As previously announced a new VED (car road tax) system coming into effect from 1 April 2017 will apply **to all new cars registered from 1 April 2017** and will see the **majority of cars taxed at £140 a year**.

So, for example, if you buy a BMW 320d efficient dynamics which has Co2 emissions of 107 g/km, you would pay (excl RPI increase):

If purchased in, say, March 2017 - £0 VED in the first year and then £20 annually. Over 5 years total £80.

If purchased AFTER 1.4.2017 - £140 VED in first year, £140 thereafter. Over 5 years total £700!

These are 2017/2018 rates of Vehicle Excise Duty (also known as car tax or road tax) for cars registered on or after 1 April 2017

Tax year 2017/2018		
C02 emissions (g/km)	Standard rate	First year rate
01-50	£140	£10
51-75	£140	£25
76-90	£140	£100
91-100	£140	£120
101-110	£140	£140
111-130	£140	£160
131-150	£140	£200
151-170	£140	£500
171-190	£140	£800
191-225	£140	£1,200
226-255	£140	£1,700
over 255	£140	£2,000

NB Cars with a list price of over £40,000 when purchased new after 1.4.2017 will pay an additional rate of £310 per year IN ADDITION to the standard rate of £140 for 5 years. That is, £450 (£140+£310) a year for five years.

- 1. If you are choosing a new car after 1.4.2017 you may want to think twice about adding options that increases the list price above £40K.**

2. If you are thinking of buying a new car now you may wish to consider purchasing and registering it before 1.4.2017 to avoid the new rates!

VED bands and rates for cars registered on or after 1 March 2001 but before 1 April 2017

VED band	CO2 emissions (g/km)	2016/2017	2016/2017	2017/2018	2017/2018
		Standard rate	First year rate	Standard rate	First year rate
A	Up to 100	£0	£0	£0	N/A
B	101-110	£20	£0	£20	N/A
C	111-120	£30	£0	£30	N/A
D	121-130	£110	£0	£115	N/A
E	131-140	£130	£130	£135	N/A
F	141-150	£145	£145	£150	N/A
G	151-165	£185	£185	£190	N/A
H	166-175	£210	£300	£220	N/A
I	176-185	£230	£355	£240	N/A
J	186-200	£270	£500	£280	N/A
K*	201-225	£295	£650	£305	N/A
L	226-255	£500	£885	£520	N/A
M	Over 255	£515	£1,120	£535	N/A

*Includes cars emitting over 225g/km registered before 23 March 2006.

VED bands and rates for vans registered on or after 1 March 2001

Vehicle registration date	2016 to 2017	2017 to 2018
Early Euro 4 and Euro 5 compliant vans	£140	£140
All other vans	£230	£240

Classic Cars

The Historic Vehicle taxation class for VED is now on a **40-year rolling system** (previously fixed) so April 1st sees all cars built prior to January 1976 being eligible for 'free tax'. This is expected to be permanent so that on the 1 April each year vehicles constructed more than 40 years before the 1 January that year will automatically be exempt from paying VED.