



Comments for DVLA on Non-Transferability of Vehicle Excise Duty and Automated Refunds

Introduction

We welcome the opportunity to comment on the proposals from the Driver Vehicle and Licensing Agency (DVLA) on non-transferability of vehicle tax and automated refunds for vehicle tax.

We, in principle, support the proposal which would make vehicle excise duty (VED) non-transferable as this would help ensure the new keeper would not be unknowingly keeping an unlicensed vehicle.

We understand that the DVLA and HM Treasury believe that by introducing non-transferability of VED will help to provide a clear message to motorists and more importantly protects them from being held liable for keeping an unlicensed vehicle.

In terms of impact on our members we believe there will be small changes to processes for non-transferability of VED and have outlined the detail of these below.

We very much welcome the proposal for automated refunds, the administration around vehicle tax refunds is often a source of frustration for our members due to the fact that refunds can only be done via a manual application on an individual vehicle basis.

We support the DVLA's vision that on receipt of a notification that a vehicle has been sold, scrapped, stolen, exported, a Statutory Off Road Notification (SORN) has been made or when the vehicle has become exempt from the payment of VED that a refund payment is automatically issued to the registered keeper. We believe the proposed automated refund process will improve greater efficiencies and drastically reduce the administrative burden currently associated with processing refunds.

We have outlined below our thoughts on a workable solution for communicating to our members that a refund has been made on a bulk basis.

Specific Comments

1. What is your view of these proposals?

Non-transferability of VED

This change will have little or no impact on our members as they dispose of vehicles into the trade and will in the main get a refund of the VED.

There are two circumstances which our members believe the ability to transfer VED will cause a change in process. Firstly, when vehicles are sold to company car drivers and when a customer changes the leasing company that provides their vehicles and there is a need for the registered keeper to change.

It is estimated that approximately 5% of the fleet, 50,000 cars, are sold to drivers each year. For fleet transfers the numbers are small, we believe less than 100 transfers take place across the industry each year.

We have outlined the two circumstances along with potential solutions below.

Example 1 – Fleet A uses leasing company A to provide its 550 company car fleet. After a contract review Fleet A decides to change provider with immediate effect to leasing company B. All 550 V5 documents will need to change as there will be a change of registered keeper. Under the proposals to make VED non-transferable this will mean that 550 VED's will be refunded and then applied for again.

Solution – As this is a fairly infrequent event we would ask that the DVLA's fleet team is available to support fleets when this change occurs.

Example 2 – A company car driver has decided that he would like to buy his vehicle at the end of the lease period. Today if this was to happen the leasing company will terminate the lease and notify the DVLA that the vehicle has been sold and give the company car driver's details as the new keeper. The company car driver would also notify the DVLA that they have sold the vehicle. The vehicle would be sold with any remaining tax.

Solution – We would be grateful for clarity that the keeper disposing of the vehicle is able to tax the vehicle on behalf of the new keeper at the same time as notifying of the new keeper details.

Automated Refunds

We are very supportive of this as a solution and it is welcomed by our members. From a fleet perspective we have outlined our vision for how automated refunds would work in practice. We believe this solution would only be on an interim basis and see that the fleet solution being worked on by DVLA colleagues in the IT area should encompass the requirements outlined below in their future specification.

Step 1 – A spreadsheet of vehicles would be sent by one of our members with details of the vehicles they are disposing of. This would be instead of filling in a SORN application, notification of disposal or change of keeper details. The spreadsheet would include:

VRM

Fleet Code

Method of disposal (e.g. Sold to private buyer, SORN or in trade)

Private buyer address details

Address of motor trader

Step 2 – The DVLA would process the notification and refund the unused proportion of the VED

Step 3 – The DVLA would populate the spreadsheet against each VRM with:

Refund amount

Date of Refund into bank/pre-funded account

Reason for rejection

Step 4 – The spreadsheet will be sent back by the DVLA to the BVRLA member.

Where a vehicle has been incorrectly registered and the V5 is returned to the DVLA the vehicle would revert to the “in-trade” status. It is unclear to us whether this would automatically trigger a refund of the VED and we would welcome clarity on this?

2. What do you perceive to be the costs and benefits?

We have outlined the costs and benefits below.

Non-transferability of tax discs

Costs	Benefits
Additional costs for driver sales	Straightforward processing in that no VED will be transferred.
Additional resource implications for fleet transfers	

Automated refunds

Costs	Benefits
Potential issue around the vehicle being incorrectly registered. Costs will depend on whether the tax is automatically refunded.	£8.5 million per annum administration, banking fees and cost savings for our members
System and process changes cost estimated to be around £2 million	

Detailed cost benefit analysis

Tax Disc Refund – Current Process

95% of disposed fleet require a refund	950,000
Postage	£475,000
Form Filling in	£7,600,000
General Admin (banking cheques, scanning paperwork, reconciling refunds etc)	£2,850,000
Total Cost	£10,925,000
Tax Disc Refund – New Process (automated refunds and no cheques)	
100% of disposed fleet	1,000,000
General Admin (online)	£2,500,000
Total Cost	£2,500,000
Cost Savings	£8,425,000

3. How does the proposed approach differ from what you already do?

Automated refunds would require a new process for members to implement, however, this would be a vastly improved process to the current one and will result in cost savings.

Non-transferability of VED will require our members to change their processes for driver sales and fleet transfers.

4. What plans would you have to make before and after implementation to comply with the proposed measure?

Members will need to make the following changes before implementation for both these measures:

- ♣ System changes to take into account the non-transferability of VED
- ♣ System changes for VED refunds
- ♣ Accounting changes for reconciliation of refunds
- ♣ Procedure changes for both measures
- ♣ Communication within members and to customers of the changes
- ♣ Potential cancellation of contracts with 3rd party providers of services
- ♣ Potential staff reductions or redeployment

5. Do you consider the proposal to be an opportunity or a challenge/threat to your business/the industry as a whole?

Our members see these changes as an opportunity as they will deliver significant cost savings to their businesses and slicker processes for their customers.

Closing Comments

We hope our comments add value to the DVLA's thought process on changes to be made as the tax disc is abolished. We would welcome clarity as soon as possible in terms of timescales for automated refunds so that our members can start planning any system changes which are required.

Bona-fides BVRLA, the industry and its members

- ♣ Established in 1967, the British Vehicle Rental and Leasing Association is the UK trade body for companies engaged in the rental and leasing of cars and commercial vehicles. Its members operate a combined fleet of 2.75 million cars, vans and trucks.
- ♣ BVRLA members buy nearly half of all new vehicles sold in the UK, supporting around 184,000 jobs and contributing more than £14bn to the economy each year.
- ♣ By consulting with government and maintaining industry standards, the BVRLA helps its members deliver safe, sustainable and affordable road transport to millions of consumers and businesses. For more information, visit www.bvrla.co.uk.

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