

Taxation Policy Position Paper



Strategy: *A fair and well-signposted motoring tax regime that recognises the role that BVRLA members can play in delivering cleaner, cheaper, safer and more reliable transport.*

The key focus will be to:

Secure a fair deal for company car drivers and businesses

- **Engage** with HM Treasury and parliamentarians to influence a positive outcome of the VED review
- **Use BVRLA research and communications** to demonstrate the impact that a rising BiK and VED burden will have on drivers and members' businesses
- **Collaborate** with members and other stakeholders to strengthen campaign messages ahead of the 2020 Comprehensive Spending Review and Autumn Budget submission

Accelerate the upgrade towards zero emission vehicles

- **Engage** with government officials for a tax system that incentivises the transition for all segments of automotive demand and is flexible enough to respond to changes in the market

Develop a fiscal roadmap that supports the deployment of increasingly connected, autonomous, shared and electric vehicles

- **Collaborate** with relevant stakeholders to influence HM Treasury thinking on the development of future motor taxation
- **Produce insightful research** that helps inform long term motor taxation policy
- **Engage** with government to ensure long term policies fit with the fleet investment cycles to prevent any adverse impact and seek a national framework to guide the interaction of local charging schemes

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Key messages

- The rental and leasing sectors play a vital role as a key purchaser of vehicles, parts and services and remarketer of used cars, vans and trucks. In 2019 BVRLA members purchased approximately 50% of new vehicles and 80% of BEV cars.
- There needs to be long term policy clarity across Government departments. Alignment between environmental, industrial strategy and taxation measures will ensure our sector can continue to drive the zero emission vehicle transition.
- The Government should continue to support the transition to zero emission vehicles, with a focus on demand-side incentives.
- Rental companies do not benefit from the same total cost of ownership savings as those fleets who refuel their electric vehicles.

Key asks

- The Government review of VED needs to work with the BVRLA and its members to result in a fairer way to tax vehicles.
- For business fleets the momentum of the continued uptake of zero emission vehicles relies on the continuation of favourable BiK rates and the Plug-in Grants.
- To support rental and car club adoption Government should zero rate the VAT on the hire of BEVs and PHEVs through rental or car clubs
- Until greater BEV price parity can be achieved, additional purchase support is needed including Green Finance Guarantees and possibly VAT reductions, scrappage schemes or other measures.
- Long term foresight of tax rates and incentives is required in order to properly plan future fleet decision making.
- The Government must develop a clear medium to long term plan to modernise vehicle taxation policy as we transition to a zero-emission environment.