

Budget 2017 – Wednesday 22 November

Vehicle Excise Duty

Vehicle Excise Duty (VED) rates for cars, vans and motorcycles registered before April 2017, and the First-Year Rates for cars registered after April 2017, will increase in line with RPI from 1 April 2018.

There will be a new VED supplement on new diesel cars first registered from 1 April 2018, so that their First-Year Rate will be calculated as if they were in the VED band above. However, this will not apply on those diesel cars which meet Real Driving Emissions Step 2 (RDE2) standards.

Both Heavy Goods Vehicle (HGV) VED and Road User Levy rates from 1 April 2018 are frozen.

The Government will launch a call for evidence on updating the existing HGV Road User Levy in Autumn 2017, to reward hauliers that plan their routes efficiently, to encourage the efficient use of roads and improve air quality.

From April 2019, zero-emission capable taxis will be made exempt from the VED supplement on expensive cars.

The BVRLA's updated factsheet on Vehicle Excise Duty is here: <https://www.bvrla.co.uk/advice/factsheet/ved-taxation-regime>

Company Car & Van Tax

Company Car Tax (CCT) on diesel cars which do not meet the Real Driving Emissions Step 2 (RDE2) standards will increase, rising from the current 3% supplement to 4%, with effect from 6 April 2018. This will apply only to cars, not commercial vehicles.

The Fuel Benefit Charge and the Van Benefit Charge will both increase by the RPI rate from 6 April 2018.

Company Car Tax rates have been published up until April 2021, rates beyond 2021 will be published in Budget 2018.

The BVRLA's updated factsheet on Company Car Tax is here: <https://www.bvrla.co.uk/advice/factsheet/company-car-taxation>

Taxation on Leases

The awaited consultation on IFRS 16 and the changes for leased plant and machinery tax rules to work as they do currently, and on the wider impact of the accounting change for income and corporation tax, will be published on 1 December 2017.

Worldwide Harmonised Light Vehicle Test Procedure (WLTP)

All CO₂ based vehicle taxation will move to WLTP from April 2020. HM Treasury will consult with the BVRLA in relation to this transition. The BVRLA will be calling for a tax-neutral position to be adopted.

Fuel Duty

Both petrol and diesel duty continue to be frozen, cancelling planned rise that was scheduled for April.

The Government will review whether the existing fuel duty rates for alternatives to petrol and diesel are appropriate, ahead of decisions at Budget 2018. In the meantime, the fuel duty escalator for Liquefied Petroleum Gas (LPG) will end. The LPG rate will be frozen in 2018-19, alongside the main rate of fuel duty.

Air Quality

Following the new taxes on diesel cars, the Government will provide £220 million for a new Clean Air Fund to support the National Air Quality Plan published in July. This money will be provided to local authorities across England to address pollution problems and assist both individuals and businesses to adapt to new air quality standards.

The Government is launching a consultation alongside Budget on options that could be supported by this fund.

Taxation on employee business expense

The Government has confirmed it has no plans for a fundamental reform to the tax relief for employee expenses. However, the Government has decided to introduce changes in the following areas:

- Self-funded training – The government will consult in 2018 on extending the scope of the tax relief currently available to employees and the self-employed for work-related training costs, to support lifelong learning and retraining.
- Guidance and claims process for employee expenses – HMRC will work with external stakeholders to improve the guidance on employee expenses, particularly on travel and subsistence and the process for claiming tax relief on non-reimbursed employment expenses.

Living Wage and the National Minimum Wage (NMW)

The National Living wage will increase by 4.4% from £7.50 to £7.83 from April 2018, which is estimated to benefit over 2 million workers.

The Government will also accept and implement a series of recommendations by the Low Pay Commission. This means that from April 2018, the Living Wage will increase for the following age rates:

- 4.7% rise for 21 to 24-year olds, from £7.05 to £7.38 per hour;
- 5.4% rise for 18 to 20-year olds, from £5.60 to £5.90 per hour;
- 3.7% rise for 16 to 17-year olds, from £4.05 to £4.20 per hour; and
- 5.7% rise for apprentices, from £3.50 to £3.70 per hour.

The BVRLA's updated factsheet on the minimum wage is here: <https://www.bvrla.co.uk/advice/factsheet/national-minimum-living-wages>

VAT

In response to the Office of Tax Simplification's report *Value Added Tax: Routes to Simplification*, HMRC will consult on the design of the threshold. In the meantime, this will be maintained at the current level of £85,000 for two years from April 2018.

The Government recognises the benefits to UK business from postponed accounting for VAT on goods imported from the EU, and will consider this when considering any future changes following Brexit, looking at options to mitigate any cashflow impacts.

The Government will consult on plans to legislate in Finance Bill 2018-19 to ensure that when customers pay with vouchers, businesses account for the same amount of VAT as when other means of payment are used.

Ultra-Low Emission Vehicles

The Government will also invest £200 million, to be matched by private investment, for a new £400 million Charging Investment Infrastructure Fund. The Government have also committed to ensuring at least 25% of Central Government department fleets will be electric vehicles by 2022.

The Plug-In Car Grant will also continue to 2020, with a further £100 million provided by HM Treasury.

Employees charging electric vehicles at work will not be subject to benefit-in-kind taxation.

Connected and Autonomous Vehicles (CAVs)

The UK driverless car industry is estimated to be worth £28 billion to the UK economy, employing 27,000 people. The Government will make changes to the regulatory framework, such as setting out how driverless cars can be tested without a human safety operator, to ensure fully self-driving are on UK roads by 2021.

The National Infrastructure Commission (NIC) will also launch a new innovation prize to determine how future roadbuilding should adapt to support self-driving cars.

Tolls on river crossings

As previously announced, the Severn Bridge Crossing toll will be abolished at the end of 2018, with tolls cut in 2018.

The full Budget document is available here: <https://www.gov.uk/government/publications/autumn-budget-2017-documents>