



Rt Hon Philip Hammond MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
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6 March, 2018

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Dear Chancellor,

## **Spring Statement**

I am writing on behalf of the vehicle rental and leasing sector ahead of the Spring Statement. I wanted to highlight the essential role that vehicle taxation policy plays in incentivising customer behaviour and supporting the delivery of the government's wider agenda.

The BVRLA represents over 900 firms that collectively own and operate nearly five million vehicles across the UK that together help to support over 317,000 jobs. Around fifty per cent of all new vehicles are bought by BVRLA members, including the majority of all new electric and plug in hybrid vehicles. This gives us unparalleled insight into what is driving purchasing behaviour.

While I appreciate that this year's Spring Statement is likely to include only limited tax and spending announcements, I wanted to take this opportunity to set out our commitment to working in partnership with government to achieving your ambitions.

With frequent and well managed fleet replacement cycles, our members provide the best route to getting new, less polluting vehicles on the roads at pace. The BVRLA and its members are eager to help to accelerate the uptake of newer and more efficient vehicles that are less polluting and cheaper to run; accelerate the realisation of an electric vehicle based future; support the UK motor industry to continue to be a key driver of jobs and economic growth; and ensure that there remains a long-term sustainable tax base for investment in roads and other essential government spending as environmental-based tax declines.

There is now a significant opportunity, through the government's upcoming zero emissions fuel strategy to ensure greater alignment across government in these areas and to place fiscal drivers at the heart of policy. This is a chance to ensure that the tax system drives positive behaviours while discouraging negative behaviours, in order to achieve the government's wider objectives.

It is also critical that the taxation regime for the vehicle leasing and rental sector is based on consistency, certainty, stability, and fair treatment. Vehicle users need to be incentivised into making the right choices, but need certainty that the taxation system will not penalise them at a later date for making these. Greater clarity on the direction of vehicle taxation is an important part of securing this managed and effective transition.

### **British Vehicle Rental and Leasing Association**

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Specifically, we would like to see government bring forward the reduction of Benefit in Kind to 2% for electric cars to incentivise the right purchasing choices. It is currently set to increase for the next two years before falling. There are indications that this is acting as an active deterrent to potential buyers, who are putting off the adoption of an electric car.

BVRLA members would also benefit from further clarity on Company Car Tax rates beyond the 2020 tax year. Five years visibility will give our members and their customers the clarity required. We are willing to work constructively to help develop this.

The BVRLA is strongly committed to working as a constructive partner with government as it seeks a long-term, sustainable model for vehicle tax revenues that best ensures the delivery of your priorities. The Spring Statement and the Autumn Budget beyond offers an ideal opportunity to take a positive step in the right direction and to set out the fiscal framework which will enable your government's vision.

We look forward to engaging with you and your officials as you seek to support the transition to low emitting vehicles while ensuring a secure tax base.

Yours sincerely,

A handwritten signature in black ink that reads 'G. Keaney'. The signature is fluid and cursive, with a long, sweeping underline that extends to the right.

Gerry Keaney  
Chief Executive

***Bona-fides BVRLA, the industry and its members***

- Established in 1967, the British Vehicle Rental & Leasing Association (BVRLA) is the UK trade body for companies engaged in vehicle rental and leasing.
- BVRLA membership provides customers with the reassurance that the company they are dealing with adheres to the highest standards of professionalism and fairness.
- The association achieves this by maintaining industry standards and regulatory compliance via its mandatory codes of conduct, inspection programme and conciliation service. To support this work, the BVRLA shares information and promotes best practice through its extensive range of training and events.
- On behalf of its 900+ members, the BVRLA works with governments, public sector agencies, industry associations and key business influencers across a wide range of road transport, environmental, taxation, technology and finance-related issues.
- BVRLA members are responsible for a combined fleet of almost five million cars, vans and trucks, supporting around 317,000 jobs and contributing nearly £25bn to the economy each year.