EXPLANATORY MEMORANDUM TO

THE MOTOR VEHICLES (INTERNATIONAL CIRCULATION) (AMENDMENT) ORDER 2022

2022 No. [XXXX]

1. Introduction

1.1 This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instrument

2.1 The purpose of this instrument is to provide a Vehicle Excise Duty ("VED") exemption for specialist touring haulage operators who have bases established in Great Britain ("GB") and abroad. Specialist touring hauliers engaged in the transport of equipment for cultural events, such as concert tours, will be able to temporarily transfer their foreign-registered vehicles to their GB operator licence while they are operating in GB.

2.2 In the case of operators with both GB and EU bases, this VED exemption would allow operators to operate in the EU as EU operators, and operate in GB as GB operators, benefiting from the market access arrangements in the respective territories.

3. Matters of special interest to Parliament

Matters of special interest to the Joint Committee on Statutory Instruments.

3.1 There are no matters of special interest.

4. Extent and Territorial Application

4.1 The territorial extent of this instrument is England and Wales and Scotland.

4.2 The territorial application of this instrument is England and Wales and Scotland.

5. European Convention on Human Rights

5.1 The Parliamentary Under Secretary of State for Transport, Baroness Vere of Norbiton has made the following statement regarding Human Rights:

"In my view the provisions of the Motor Vehicles (International Circulation) (Amendment) Order 2022 are compatible with the Convention rights.".

6. Legislative Context

6.1 This instrument is being made using powers provided by section 1(1), (2)(b) and (4) of the Motor Vehicles (International Circulation) Act 1952. This instrument will make amendments to the Motor Vehicles (International Circulation) Order 1975.

6.2 The scope of this SI may apply to all international touring operators with GB operator licences.

7. Policy background

What is being done and why?

7.1 While the UK was a member of the EU, there were no limits on UK hauliers carrying goods between the UK and another EU country, nor between two countries by a haulier registered elsewhere ("cross-trade"). However, there were limits on carrying goods between two points within another country ("cabotage"), with three movements allowed within seven days before the vehicle had to return home. During UK-EU negotiations, the UK managed to secure rights in the UK-EU Trade and Cooperation Agreement ("the TCA") for UK hauliers to carry out unlimited trips to and from the EU, up to two cross-trade journeys within the EU in a round-trip, or one cabotage journey and one cross-trade journey within a round-trip. Northern Irish-registered hauliers are permitted to carry out two cabotage movements in the Republic of Ireland, provided that they follow a journey from Northern Ireland. EU hauliers are limited to two cabotage journeys in the UK before they have to return home.

7.2 Specialist events hauliers must now follow the market access arrangements under the TCA that came into effect when the transition period ended on 31st December 2020. This has meant that a number of UK specialist events haulage businesses have moved part of their operations to the EU, which now restricts them from carrying out the UK leg of tours. This instrument has been designed to provide support for this sub-sector of the UK's haulage industry.

7.3 This instrument amends domestic legislation to provide a VED exemption for hauliers engaged in the transport of equipment used for cultural events, such as concert tours, if they have bases in both GB and in another international location. This would enable operators to transfer their vehicles between their international and GB operator licences, and therefore make use of the market access arrangements in the respective territories. While a vehicle is temporarily on the GB operator licence, this instrument would enable the operator to use this vehicle in GB without needing to register their vehicle with the Driver and Vehicle Licensing Agency ("the DVLA") by providing a VED exemption.

7.4 This Statutory Instrument will apply to a limited group of hauliers whose vehicles or trailers are adapted for the specialist cargo they carry. This Instrument does not permit transportation of any item of goods for the intention of being sold on (such as merchandise).

7.5 Those eligible to utilise these measures, must be carrying property, equipment or animals to or from theatrical, musical, film or circus performances or sporting events, whereby 'property' and 'equipment' could include works of art and accompanying display materials, musical instruments and accessories. The goods being carried must be loaded or unloaded in GB in an unaltered state.

7.6 Operators using this measure can transfer a vehicle to their GB operator licence for a maximum of six months in a twelve month period. A longer transfer would not be considered temporary and would require the vehicle to be registered with DVLA. This can be a single visit, or several shorter visits.

Explanations

What did any law do before the changes to be made by this instrument?

7.7 Any specialist haulage company that engages in the transport of equipment for cultural events may establish bases internationally and in GB, provided they follow the regulations in the country of establishment. However, they are currently liable for VED if they temporarily transfer their foreign-registered vehicles from their international operator licence to their GB operator licence, which poses operational issues. This Instrument therefore mitigates this operational issue by exempting affected vehicles from paying VED when they are temporarily transferred onto a GB operator licence while transporting equipment used for cultural events in GB.

8. European Union Withdrawal and Future Relationship

8.1 This instrument does not relate to withdrawal from the European Union and so does not trigger the statement requirements under the EU(W)A.

9. Consolidation

9.1 No consolidation is being undertaken.

10. Consultation outcome

10.1 A consultation on this instrument took place between 4th February and 18th February 2022. 29 responses were recorded including from specialist touring haulage businesses and trade bodies representing the haulage and creative industries. There was overall support for the proposals set out. A copy of the HMG consultation response, which provides a fuller analysis of the responses, was published on 6 May 2022 and is available at: https://www.gov.uk/government/consultations/cultural-events-road-haulage-temporary-transfer-of-vehicles-between-operator-licences-for-cross-border-tours

11. Guidance

11.1 The Department for Transport will provide guidance to hauliers who take advantage of this proposal on how they can temporarily transfer their foreign-registered vehicles onto their GB operator licence. The Department will also provide guidance to enforcement bodies, such as the Driver and Vehicle Standards Agency ("the DVSA") to ensure that they are aware that certain foreign-registered vehicles will be operating on GB operator licences. This will be provided by 15 July 2022.

11.2 The Department will not publish guidance on how to transfer a vehicle back to their foreign operator licence since this is a matter for the relevant international operator licensing authority responsible for these rules.

12. Impact

12.1 There is no, or no significant, impact on business, charities or voluntary bodies.

12.2 There is no, or no significant, impact on the public sector.

12.3 A full Impact Assessment has not been prepared for this instrument since it is not a regulatory provision, as the instrument does not amend or impose requirements on business practice (excluding the VED exemption). However, HM Revenue & Customs ("HMRC") will be publishing a Tax Information and Impact Note to set out the impact that this instrument would have on VED.

13. Regulating small business

13.1 The legislation applies to activities that are undertaken by small businesses.

13.2 No specific action is proposed to minimise regulatory burdens on small businesses.

14. Monitoring & review

14.1 As this statutory provision is not a "regulatory provision" as defined by the Small Business, Enterprise and Employment Act 2015, there is no specific legal duty to consider a statutory review clause.

14.2 The instrument does not include a statutory review clause.

15. Contact

15.1 Amanda Lane at the Department for Transport email: Amanda.Lane@dft.gov.uk can be contacted with any queries regarding the instrument.

15.2 Hannah Tooze, Deputy Director for Road Freight Strategy, at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.

15.3 The Parliamentary Under Secretary of State for Transport, Baroness Vere of Norbiton at the Department for Transport can confirm that this Explanatory Memorandum meets the required standard.