EXPLANATORY MEMORANDUM TO

THE HGV ROAD USER LEVY (EXEMPTION OF VEHICLES) REGULATIONS 2014

2014 No. 326

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

2. Purpose of the instrument

2.1 The purpose of this instrument is to exempt certain articulated heavy goods vehicles (HGVs) from being charged the HGV Road User Levy, matching existing exemptions for certain non-articulated (rigid) HGVs.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.2 Section 8(1) of the HGV Road User Levy Act 2013 ("the 2013 Act") exempts certain non-articulated (rigid) vehicles that are charged vehicle excise duty ("VED") at the basic goods vehicle rate from being charged the HGV Road User Levy ("the levy"). The rigid vehicles subject to the basic goods vehicle rate are set out in paragraph 9(2) of Schedule 1 to the Vehicle Excise and Registration Act 1994 ("the 1994 Act"). These vehicles are showman's goods vehicles[1], island goods vehicles[2] and HGVs used in connection with learning to drive or taking a driving test.

4.2 Articulated vehicles subject to the basic goods vehicle rate of VED are covered by paragraph 11(2) of Schedule 1 to the 1994 Act. These articulated vehicles are used for the same purposes as the rigid vehicles in paragraph 9(2) of the 1994 Act. This instrument exempts articulated vehicles subject to the basic goods vehicle rate from being charged the levy.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

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[1] A showman's goods vehicle is a goods vehicle registered and used by a travelling showman, which is permanently fitted with a living van or some other special type of body or superstructure forming part of the equipment of the show. A full definition is set out in section 68 of the Vehicle Excise and Registration Act 1994 (c.22).

[2] Island goods vehicles are those vehicles kept for use on one or more small islands or for short journeys on the mainland. The statutory definition is set out in paragraph 18 of Schedule 1 to the Vehicle Excise and Registration Act 1994 (c.22) as amended by the Finance Act 1995 (c. 4).

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- What is being done and why

7.1 The 2013 Act introduces a levy for using or keeping an HGV of 12 tonnes (12,000 kg) or more on public roads in the UK. The amount of the levy is determined in accordance with the weight and number of axles of the vehicle, and applies equally to UK and non-UK registered vehicles.

7.2. A person using or keeping an HGV registered in the UK will pay the levy on an annual or six-monthly basis at the same time as their vehicle excise duty. A person using or keeping an HGV registered outside the UK will pay the levy for the amount of time he or she intends to use or keep their vehicle on a public road in the UK (i.e. they may pay on a daily, weekly, monthly or annual basis).

7.3 The exemptions for certain vehicles are designed to ensure that the levy is not charged to HGVs that are not primarily used to carry goods or HGVs used mainly on small islands.

- Consolidation

7.4 None required.

8. Consultation outcome

8.1 The Department has not consulted on this instrument. This is because there is no statutory obligation to do so, and rigid HGVs used for the same purposes are already exempted from being charged the levy. The exemption of such rigid HGVs was discussed in Parliament during the passage of the 2013 Act.

9. Guidance

9.1 The Department does not intend to produce any guidance specifically relating to this instrument, although guidance generally on the levy will be provided to vehicle operators or drivers.

10. Impact

10.1 An impact assessment has not been prepared for this instrument.

11. Regulating small business

11.1 The legislation applies to any person who keeps or uses an HGV of 12 tonnes or more on a public road in the UK, irrespective of whether they are large or small businesses. The legislation exempts certain vehicles from the levy, so will have a positive impact on businesses.

12. Monitoring & review

12.1 The Department has no plans to monitor the impact of this instrument.

13. Contact

13.1 Peter Steele at the Department for Transport, Great Minster House, 33 Horseferry Road, London, SW1P 4DR, telephone 020 7944 8177 or email HGVCharging@dft.gsi.gov.uk can answer any queries regarding the instrument.