EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (LIGHT DUES) (AMENDMENT) REGULATIONS 2025

2025 No. 369

1. Introduction

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

2. Declaration

2.1 Mike Kane MP, Parliamentary Under-Secretary of State with responsibility for maritime policy at the Department for Transport, confirms that this Explanatory Memorandum meets the required standard.

2.2 Shahab Paya, Deputy Director for Maritime Strategy and Sponsorship at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Lisa Gilmour at the Department for Transport Telephone: 07464 980264 or email: lisa.gilmour@dft.gov.uk can be contacted with any queries regarding the instrument.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument corrects an error in The Merchant Shipping (Light Dues) Regulations 2025 (the "2025 Regulations"). The 2025 Regulations incorrectly make ships other than tugs or fishing vessels with a load line length of 24 metres or less exempt from light dues. This instrument revokes this exemption and replaces it with an exemption for ships of less than 20 tons, other than ships liable to pay light dues by reference to their length. This instrument also corrects a minor typographical error in the 2025 Regulations.

Where does the legislation extend to, and apply?

4.2 The extent of this instrument (the jurisdictions which the instrument forms part of the law of) is the United Kingdom of Great Britain and Northern Ireland.

4.3 The territorial application of this instrument (the jurisdictions where the instrument produces a practical effect) is the United Kingdom of Great Britain and Northern Ireland.

5. Policy Context

What is being done and why?

5.1 General Lighthouse Authorities ("GLAs") have a statutory duty to provide marine aids to navigation, such as lighthouses and buoys, and to respond to new wrecks and other dangers to navigation. Light dues are payable into the General Lighthouse Fund ('the GLF') by various types of shipping to support the work of the GLAs.

5.2 The 2025 Regulations set out various details in relation to the light dues regime. They revoke and remake with amendments the Merchant Shipping (Light Dues)

Regulations 1997 (S.I. 1997/562) ("the 1997 Regulations"), to modernise drafting and improve clarity.

5.3 Some categories of vessel are exempt from paying light dues. These are set out in the 2025 Regulations, which revoke and remake with amendments the list of exempt vessels in the 1997 Regulations.

5.4 This instrument revokes an exemption in the 2025 Regulations which was included in error: ships other than tugs or fishing vessels with a load line length of 24 metres or less. It replaces it with a different exemption which was intended to be included: ships of less than 20 tons, other than ships liable to pay light dues by reference to their length.

5.5 This exemption in the 2025 Regulations was a change from the 1997 Regulations. However, it was not intended for the 2025 Regulations to change the criteria for exemptions in this way. This instrument addressed this by returning to the wording from the 1997 Regulations. The amendment takes effect on 31 March 2025, before the 2025 Regulations come into effect on 1 April 2025.

5.6 If not corrected, the error would have had the effect of creating two charging regimes for light dues in the United Kingdom and Ireland. Light dues are collected through the GLF in both countries.

5.7 The operational systems for collecting light dues cannot operate two regimes. If the issue had not been addressed, operators were likely to have been charged incorrectly, and refunds would need to have been manually reviewed and issued. This would have been operationally intensive and reputationally damaging.

5.8 If left uncorrected, the issue described above would have had a financial and reputational impact due to fees lost, uncertainty and confusion created for customers, and administrative costs incurred in managing the impact of the error.

What was the previous policy, how is this different?

5.9 The 2025 Regulations exempt ships other than tugs or fishing vessels with a load line length of 24 metres or less from light dues. This is a change from the 1997 Regulations that was made in error. This instrument corrects this.

6. Legislative and Legal Context

How has the law changed?

6.1. Under section 211 of the Merchant Shipping Act 1995, the Secretary of State for Transport is required to administer the GLF. The GLF is used to pay for costs GLAs incur in the discharge of their statutory duties to provide marine aids to navigation, respond to new navigation safety dangers around the British Isles and to meet any associated administration costs incurred by the Department for Transport.

6.2 Light dues, a hypothecated tax levied on commercial ships and large leisure vessels calling at ports in the United Kingdom and some smaller vessels, are the principal source of income for the GLF. Under section 205(5) of the Merchant Shipping Act 1995, the Secretary of State for Transport has the power to make regulations to set the light dues rate for the United Kingdom and to specify the situations in which light dues are to be applied or exempted. The relevant Regulations are the 1997 Regulations, which have been subsequently amended through a series of amending Regulations. However, the 1997 Regulations will be revoked and replaced by the 2025 Regulations which come into force on 1 April 2025.

6.3 As described in Paragraph 4.1, this instrument revokes an error in the 2025 Regulations and provides a correction.

6.4 The correction of the separate, minor typographical error made by this instrument does not have any substantive effect.

Why was this approach taken to change the law?

6.5 This is the only possible approach to make the necessary changes.

7. Consultation

Summary of consultation outcome and methodology

7.1 A consultation was not carried out for this instrument, as its purpose is to correct a drafting error in the 2025 Regulations. A consultation was undertaken before the 2025 Regulations were made. That consultation is described in the Explanatory Memorandum to the 2025 Regulations.

8. Applicable Guidance

8.1 No guidance will be issued in relation to this instrument.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 An impact assessment has not been prepared for this instrument because it is not defined as a "regulatory provision" within the Better Regulation Framework as it relates to a variation of tax.

Impact on businesses, charities and voluntary bodies

9.2 The impact on business, charities or voluntary bodies is to avoid the uncertainty and confusion for businesses paying light dues if this instrument had not addressed the issue in the 2025 Regulations before 1 April 2025.

9.3 The legislation does impact small or micro businesses, as described in the Explanatory Memorandum to the 2025 Regulations.

9.4 The impact on the public sector is to avoid the administrative costs that would have been incurred managing the impacts of the error if left uncorrected on 1 April 2025, and the financial impact of lost fees.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The approach to monitoring this legislation is that a Post Implementation Review (PIR) is not required.

10.2 The instrument does not include a statutory review clause and, in line with the requirements of the Small Business, Enterprise and Employment Act 2015, Mike Kane MP, Parliamentary Under Secretary of State with responsibility for maritime policy at the Department for Transport, has made the following statement:

"Having had regard to sections 28 to 32 of the Small Business, Enterprise and Employment Act 2015 and the Statutory Review Guidance for Departments published under section 31(3) of that Act, I have decided that it is not appropriate to make provision for review in this instrument because it would be disproportionate, taking into account the economic impact of the legislation, to include provision for review".

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument will come into force on 31 March and will therefore not adhere to the 21 day rule (the convention that regulations should not come into force for at least 21 days after they have been laid in Parliament).

11.2 This has been done to ensure that the amendment made by this instrument has effect before 1 April 2025, when the 2025 Regulations come into force. The effect of the amendment is to ensure that the 2025 Regulations achieve the correct policy intention. Adhering to the 21 day rule, so that the amendment made by this instrument would have come into force after 1 April is, for the reasons described in paragraphs 5.6 to 5.8 above, likely to have caused uncertainty and confusion for stakeholders, and greater disadvantage to them than having this instrument come into force before 1 April.

11.3 As this instrument has been made to correct an error in the 2025 Regulations, it is being made available, free of charge, to everyone who received a copy of the 2025 Regulations.

12. European Convention on Human Rights

12.1. The Parliamentary Under-Secretary of State for Transport (Maritime, Aviation, and Security) has made the following statement regarding Human Rights:

"In my view the provisions of the Merchant Shipping (Light Dues) (Amendment) Regulations 2025 are compatible with the Convention rights."

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023 ("relevant European Union Acts").