

# FINANCE ACT 2009

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## EXPLANATORY NOTES

### INTRODUCTION

#### *Section 13: Vehicle Excise Duty: Rates for 2009-10*

#### **Details of the Section**

2. Subsection (2)(a) amends paragraph 1(2) of Schedule 1 to VERA to increase the general rate of VED by £5 to £190 save for vehicles with an engine size of 1549cc or less.
3. Subsection (2)(b) amends paragraph 1(2A) of Schedule 1 to VERA to increase the general rate of duty by £5 to £125 for vehicles with an engine size of 1549cc or less.
4. Subsection (3) amends paragraph 1B of Schedule 1 to VERA to change the graduated rates of duty which apply to cars first registered on or after 1 March 2001.
5. Under subsection (3), the rate payable depends on the amount of carbon dioxide emitted per kilometre. Cars which emit no more than 100 grammes of carbon dioxide per kilometre will still pay no duty. The rate for cars which emit more than 100 but not more than 120 grammes of carbon dioxide per kilometre remains unchanged at £35 (for petrol and diesel) and £15 (alternative fuel).
6. The rate for cars which emit more than 120 but not more than 140 grammes of carbon dioxide per kilometre also remains unchanged at £120 (petrol and diesel) and £100 (alternative fuel). All other rates increase by £5. The rates table operates so that cars emitting over 225 grammes of carbon dioxide per kilometre that were registered between 1 March 2001 and 23 March 2006 continue to pay a lower rate than those registered from 23 March 2006 onwards.
7. Subsection (4)(a) amends paragraph 1J(a) of Schedule 1 to VERA to increase by £5 to £185 the rate of duty for those Light Goods Vehicles which are not lower-emission vans. Lower-emissions vans are models which met the Euro 4 air quality pollutant emissions standard early and were registered on or after 1 March 2003 and before 1 January 2007, or that meet the Euro 5 pollutant emissions standard early and are registered on or after 1 January 2009 and before 1 January 2011.
8. Subsection(4)(b) amends paragraph 1J(b) of Schedule 1 to VERA to increase the rate of duty for lower-emission vans by £5 to £125.
9. Subsection (5) provides that all new rates under this section will take effect for licences taken out on or after 1 May 2009.