

**EXPLANATORY MEMORANDUM TO  
THE VEHICLE EXCISE AND REGISTRATION (CONSEQUENTIAL AMENDMENTS)  
REGULATIONS 2014**

**2014 No. 2358**

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

**2. Purpose of the instrument**

From the 1st October 2014 the paper vehicle tax disc will be abolished. Motorists will, however, still be required to pay vehicle tax. Various provisions in regulations made under the Vehicle Excise and Registration Act 1994 were drafted on the basis of there being paper-based vehicle licences, nil licences and trade licences. These Regulations amend these provisions so as to remove references to paper licences.

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

None.

**4. Legislative Context**

- 4.1 The Vehicle Excise and Registration Act 1994 is the principal statute relating to the taxation, registration and licensing of mechanically propelled vehicles in the UK. It is supplemented by various pieces of subordinate legislation.

Schedule 19 to the Finance Act 2014 amends the 1994 Act so that it is no longer provides for the issue and display of paper licences, whether they be vehicle, nil or trade licences. Consequently the Driver and Vehicle Licensing Agency will be issuing no more such licences after 30th September 2014.

- 4.2 These Regulations amend four sets of regulations made under the 1994 Act—

- the Road Vehicles (Registration and Licensing) Regulations 2002,

- the Vehicle Excise Duty (Immobilisation, Removal and Disposal of Vehicles) Regulations 1997,
- the Sale of Registration Marks Regulations 1995 and
- the Retention of Registration Marks Regulations 1993.

4.3 The amendments to the regulations are designed to reflect the changes to the 1994 Act by removing all express or implied references to paper licences. For example the Road Vehicles (Registration and Licensing) Regulations 2002 will no longer prescribe the way in which a licence is to be displayed on a vehicle, since there will no longer to be any requirement to display a licence. The amendments come into force on 1st October 2014, at the same time as the amendments to the Vehicle Excise and Registration Act 1994.

## **5. Territorial Extent and Application**

This instrument applies to all of the United Kingdom.

## **6. European Convention on Human Rights**

As the instrument is subject to the 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 policy objective is to reduce tax administration costs and to remove burdens on the motor industry and the public.

Currently, a paper based vehicle licence or a nil licence is issued by the Driver and Vehicle Licensing Agency (DVLA) or the Post Office following a successful application to license a vehicle. Historically, this has provided a visual aid for demonstrating the payment of Vehicle Excise Duty (“VED”) and helped identify unlicensed vehicles.

There is now an increased reliance on the electronic vehicle register maintained by the DVLA as proof that VED has been paid and a vehicle is licensed or alternatively that a nil licence is in force. Largely due to electronic enforcement, motorists are better informed of their responsibility to ensure that their vehicles are continuously licensed. Enforcement from

the record has helped to improve compliance and non-payment of VED is running at a historical low. The current estimate of VED evasion is 0.6 per cent which implies VED is a very compliant tax.

The benefits of paper vehicle and nil licences have reduced over time, as the DVLA and police now rely on DVLA's electronic vehicle register and use tools like Automatic Number Plate Recognition to ensure that vehicles are correctly licensed and that VED has been paid. The Government believes that the requirement to display a paper licence is now redundant.

- Consolidation

7.2 The amendments to the 4 statutory instruments concerned are neither fundamental nor extensive and there are no plans to consolidate any of the instruments.

## **8. Consultation outcome**

In December 2012 the Department for Transport launched a public consultation 'Motoring Services Strategy' which examined how to reduce motorists' paperwork including whether DVLA should cease to issue paper vehicle tax discs. This consultation closed in March 2013 and around 90% of those who commented agreed with the proposal. The present instrument was not the subject of separate consultation since it merely implements primary legislation which has already been consulted on.

## **9. Guidance**

Since the announcement in the Chancellor's Autumn Statement on 5th December 2013 that the tax disc will be abolished the DVLA have issued various communications including a page on gov.uk website, providing weekly updates on Twitter and Facebook, contacting over 750 trade bodies, garages and motor dealers, providing messages on automatic response emails to anyone who submitted a query to DVLA via email and engaging with various stakeholders.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is that abolition of the tax disc would benefit owners of vehicles used for business purposes by around £7 million per year on aggregate.

10.2 The impact on the public sector is a one-off fixed cost for the DVLA of around £4 million for ceasing the issue of a tax disc. The ongoing savings to the DVLA will be around £13.8 million per annum from no longer producing, issuing and posting the tax disc.

10.3 An Impact Assessment is attached to this memorandum and will be published alongside the Explanatory Memorandum on [www.legislation.gov.uk](http://www.legislation.gov.uk).

**11. Regulating small business**

The legislation applies to small business. No major impacts on small businesses have been identified.

**12. Monitoring & review**

The DVLA will monitor and review the impact of abolition of the tax disc on business and the public.

**13. Contact**

Jason Donovan at the Driver and Vehicle Licensing Agency (Tel: 01792 786860 or email: [jason.donovan@dvla.gsi.gov.uk](mailto:jason.donovan@dvla.gsi.gov.uk)) can answer any queries regarding the instrument.