



Vehicle Excise and Registration Act 1994

1994 CHAPTER 22

PART I U.K.

VEHICLE EXCISE DUTY AND LICENCES

Main provisions

1 Duty and licences. U.K.

[^{F1}(1) A duty of excise (“vehicle excise duty”) shall be charged in respect of every mechanically propelled vehicle that—

- (a) is registered under this Act (see section 21), or
- (b) is not so registered but is used, or kept, on a public road in the United Kingdom.

(1A) Vehicle excise duty shall also be charged in respect of every thing (whether or not it is a vehicle) that has been, but has ceased to be, a mechanically propelled vehicle and—

- (a) is registered under this Act, or
- (b) is not so registered but is used, or kept, on a public road in the United Kingdom.

(1B) In the following provisions of this Act “vehicle” means—

- (a) a mechanically propelled vehicle, or
- (b) any thing (whether or not it is a vehicle) that has been, but has ceased to be, a mechanically propelled vehicle.

(1C) Vehicle excise duty charged in respect of a vehicle by subsection (1)(a) or (1A)(a) shall be paid on a licence to be taken out—

- (a) by the person in whose name the vehicle is registered under this Act, or
- (b) if that person is not the person keeping the vehicle, by either of those persons.

(1D) Vehicle excise duty charged in respect of a vehicle by subsection (1)(b) or (1A)(b) shall be paid on a licence to be taken out by the person keeping the vehicle.]

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(2) A licence taken out for a vehicle is in this Act referred to as a “vehicle licence”.

Textual Amendments

F1 S. 1(1)-(1D) substituted (30.11.2003) for s. 1(1) by [Finance Act 2002 \(c. 23\)](#), s. 19, [Sch. 5 para. 2](#); [S.I. 2003/3086](#), [art. 2\(b\)](#)

Modifications etc. (not altering text)

C1 [S. 1\(1\)\(b\)](#) excluded by 1988 c. 52, s. 12E (as inserted (10.3.2017) by [Deregulation Act 2015 \(c. 20\)](#), [ss. 73\(3\)](#), 115(7); [S.I. 2017/273](#), [art. 2\(a\)](#))

2 Annual rates of duty. **U.K.**

(1) Vehicle excise duty in respect of a vehicle of any description is chargeable by reference to the annual rate currently applicable to it in accordance with the provisions of Schedule 1 which relate to vehicles of that description.

[^{F2}(2) Subsection (1) applies subject to the following provisions of this section.

(3) Where vehicle excise duty is charged by section 1(1)(b) or (1A)(b) in respect of the keeping of a vehicle on a road (and not in respect of its use), duty in respect of such keeping is chargeable by reference to the general rate currently specified in paragraph 1(2) of Schedule 1.

(4) Subsections (5) and (6) apply where—

- (a) vehicle excise duty is charged by section 1(1)(a) or (1A)(a) in respect of a vehicle, and
- (b) were the vehicle not registered under this Act, duty would not be charged by section 1(1)(b) or (1A)(b) in respect of the use of the vehicle on a road.

(5) Where one or more use licences have previously been issued for the vehicle, the duty charged by section 1(1)(a) or (1A)(a) is chargeable by reference to the annual rate currently applicable to a vehicle of the same description as that of the vehicle on the occasion of the issue of that licence (or the last of those licences).

(6) In any other case, the duty charged by section 1(1)(a) or (1A)(a) is chargeable by reference to the general rate currently specified in paragraph 1(2) of Schedule 1.

(7) In subsection (5) “use licence” means—

- (a) a vehicle licence issued for the use of a vehicle, or
- (b) a vehicle licence that is issued by reason of a vehicle being registered under this Act but which would have been issued for the use of the vehicle if the vehicle had not been registered under this Act.]

Textual Amendments

F2 S. 2(2)-(7) substituted (30.11.2003) for s. 2(2)-(4) by [Finance Act 2002 \(c. 23\)](#), s. 19, [Sch. 5 para. 3](#); [S.I. 2003/3086](#), [art. 2\(b\)](#)

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3 Duration of licences. **U.K.**

- (1) A vehicle licence may be taken out for any vehicle for any period of twelve months running from the beginning of the month in which the licence first has effect.
- [^{F3}(2) A vehicle licence may be taken out for a vehicle for a period of six months running from the beginning of the month in which the licence first has effect if—
 - (a) the annual rate of vehicle excise duty in respect of the vehicle exceeds £50, or
 - (b) the vehicle is one to which the annual rate of vehicle excise duty specified in paragraph 11C(2)(a) of Schedule 1 applies (tractive units: special cases).]
 - (3) The Secretary of State may by order provide that a vehicle licence may be taken out for a vehicle for such period as may be specified in the order.
 - (4) An order under subsection (3) may specify—
 - (a) a period of a fixed number of months (not exceeding fifteen) running from the beginning of the month in which the licence first has effect,
 - (b) in the case of [^{F4}the first vehicle licence for] a vehicle of such description as may be specified in the order, a period exceeding by such number of days (not exceeding thirty) as may be determined by or under the order the period for which the licence would otherwise have effect by virtue of subsection (1) or (2) or of an order under paragraph (a), or
 - (c) in the case of a vehicle of such description (or of such description and used in such circumstances) as may be specified in the order, a period of less than one month.
 - (5) An order under subsection (3)—
 - (a) may be made so as to apply only to vehicles of specified descriptions, and
 - (b) may make different provision for vehicles of different descriptions or for different circumstances.
 - (6) The power to make an order under subsection (3) includes power to make transitional provisions and to amend or repeal subsection (1) or (2).
 - [^{F5}(7) Neither subsection (2) nor any order under subsection (3) permits the first vehicle licence for a vehicle to be taken out for a period of less than twelve months if the annual rate of vehicle excise duty chargeable on the licence would be lower if it were not the first vehicle licence for the vehicle.]

Textual Amendments

- F3** S. 3(2) substituted (with effect in accordance with s. 87(2) of the amending Act) by [Finance Act 2014 \(c. 26\), s. 87\(1\)](#)
- F4** Words in s. 3(4)(b) substituted (with effect in accordance with Sch. 4 para. 7(1) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 4 para. 2\(2\)](#)
- F5** S. 3(7) inserted (with effect in accordance with Sch. 4 para. 7(1) of the amending Act) by [Finance Act 2009 \(c. 10\), Sch. 4 para. 2\(3\)](#)

4 Amount of duty. **U.K.**

- [^{F6}(1) Where a vehicle licence for a vehicle of any description is taken out for a period of 12 months, vehicle excise duty is to be paid on the licence—
 - (a) at the annual rate of duty applicable to vehicles of that description, or

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- (b) if the duty is to be paid by more than one instalment pursuant to an agreement under section 19B, at a rate equal to 105% of that annual rate.
- (2) Subject to subsection (2A), where a vehicle licence for a vehicle of any description is taken out for a period of 6 months, vehicle excise duty is to be paid on the licence—
- (a) at a rate equal to 55% of the annual rate of duty applicable to vehicles of that description, or
- (b) if the duty is to be paid by direct debit pursuant to an agreement under section 19B, at a rate equal to 52.5% of that annual rate.
- (2A) In the case of a vehicle which is charged to HGV road user levy, the reference in subsection (2)(a) to 55% is to be read as a reference to 50%.]
- ^{F7}(3)
- (4) Where a vehicle licence for a vehicle of any description is taken out for a period specified in an order under section 3(3), vehicle excise duty shall be paid on the licence at such rate as may be specified in the order.
- (5) A rate of vehicle excise duty specified in an order under section 3(3) in relation to a licence taken out for a vehicle for a period of—
- (a) a fixed number of months other than twelve, or
- (b) less than one month,
- shall be such as to bear to the annual rate of duty applicable to the vehicle no less proportion than the period for which the licence is taken out bears to a year.
- (6) A rate of vehicle excise duty specified in an order under section 3(3) in relation to a licence taken out for a vehicle for a period of three months or a period of four months shall not exceed for each month of the period ten per cent. of the annual rate of duty applicable to the vehicle.
- (7) The power to make an order under section 3(3) includes power to amend or repeal subsection (2) ^{F8}... of this section.

Textual Amendments

- F6** S. 4(1)-(2A) substituted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(2\)\(10\)](#)
- F7** S. 4(3) repealed (7.4.2005 with effect as mentioned in [s. 7\(13\)](#) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 7\(2\)\(a\), Sch. 11 Pt. 1](#)
- F8** Words in s. 4(7) repealed (7.4.2005 with effect as mentioned in [s. 7\(13\)](#) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 7\(2\)\(b\), Sch. 11 Pt. 1](#)

5 Exempt vehicles. **U.K.**

- (1) No vehicle excise duty shall be charged in respect of a vehicle if it is an exempt vehicle.
- (2) Schedule 2 specifies descriptions of vehicles which are exempt vehicles.
- ^{F9}(3) The Secretary of State may by order amend Schedule 2 in order to make provision about the descriptions of—
- (a) tractors, and
- (b) vehicles used for purposes relating to agriculture, horticulture or forestry, that are to be exempt vehicles.

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- (4) An order under subsection (3) may in particular repeal any of paragraphs 20A to 20D of Schedule 2.]

Textual Amendments

F9 S. 5(3)(4) inserted (19.7.2007) by [Finance Act 2007 \(c. 11\)](#), s. 106(1)

6 Collection etc. of duty. U.K.

- (1) Vehicle excise duty shall be levied by the Secretary of State.
- (2) For the purpose of levying vehicle excise duty the Secretary of State and his officers (including any body or person authorised by the Secretary of State to act as his agent for the purposes of this Act) have the same powers, duties and liabilities as the Commissioners of Customs and Excise and their officers have with respect to—
 - (a) duties of excise (other than duties on imported goods),
 - (b) the issue and cancellation of licences on which duties of excise are imposed, and
 - (c) other matters (not being matters relating only to duties on imported goods),
 under the enactments relating to duties of excise and excise licences.
- (3) The enactments relating to duties of excise, or punishments and penalties in connection with those duties, (other than enactments relating only to duties on imported goods) apply accordingly.
- (4) Subsections (2) and (3) have effect subject to the provisions of this Act (including in particular, in the case of subsection (3), subsection (6) of this section and sections 47, 48 and 56).
- (5) The Secretary of State has with respect to vehicle excise duty and licences under this Act the powers given to the Commissioners of Customs and Excise by the enactments relating to duties of excise and excise licences for the mitigation or remission of any penalty or part of a penalty.
- (6) Vehicle excise duty, and any sums received by the Secretary of State by virtue of this Act by way of fees, shall be paid into the Consolidated Fund.

Changes to legislation:

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Changes and effects yet to be applied to the whole Act associated Parts and Chapters:

Whole provisions yet to be inserted into this Act (including any effects on those provisions):

- s. 7(1A) inserted by [2006 c. 49 s. 47\(2\)](#)
- s. 7(5)(za) inserted by [2006 c. 49 s. 47\(3\)](#)
- s. 22(1)(aa) inserted by [2006 c. 49 s. 47\(6\)](#)
- s. 22(1AA) inserted by [2006 c. 49 s. 47\(9\)](#)
- s. 22(1BA) inserted by [2006 c. 49 s. 47\(10\)](#)
- Sch. 1 para. 1N inserted by [2023 c. 1 s. 10\(5\)\(e\)\(7\)](#)
- Sch. 2 para. 20G(2)(za)-(zc) inserted by [2023 c. 1 s. 10\(2\)\(a\)\(i\)\(7\)](#)