



# Finance (No. 2) Act 2015

## 2015 CHAPTER 33

### PART 5

#### EXCISE DUTIES AND OTHER TAXES

##### *Vehicle excise duty*

#### **46 Vehicle excise duty**

- (1) VERA 1994 is amended as follows.
- (2) In Schedule 1 (annual rates of duty)—
  - (a) in the heading to Part 1A (light passenger vehicles: graduated rates of duty) after “VEHICLES” insert “REGISTERED BEFORE 1 APRIL 2017”;
  - (b) in paragraph 1A (vehicles to which Part 1A applies) in sub-paragraph (1)(a) for “on or after 1 March 2001” substitute “, after 28 February 2001 but before 1 April 2017”;
  - (c) after Part 1A insert—

#### **“PART 1AA**

##### LIGHT PASSENGER VEHICLES REGISTERED ON OR AFTER 1 APRIL 2017

#### **Vehicles to which this Part applies etc**

- 1GA (1) This Part of this Schedule applies to a vehicle which—
- (a) is first registered, under this Act or under the law of a country or territory outside the United Kingdom, on or after 1 April 2017, and
  - (b) is so registered on the basis of an EU certificate of conformity or UK approval certificate that—

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- (i) identifies the vehicle as having been approved as a light passenger vehicle, and
  - (ii) specifies a CO<sub>2</sub> emissions figure in terms of grams per kilometre driven.
- (2) In sub-paragraph (1)(b)(i) a “light passenger vehicle” has the meaning given by paragraph 1A(2).
- (3) The following provisions of Part 1A of this Schedule apply for the purposes of this Part of this Schedule as they apply for the purposes of that Part—
- (a) paragraph 1A(3) and (4) (meaning of “the applicable CO<sub>2</sub> emissions figure”);
  - (b) paragraph 1A(5) (effect of subsequent modifications);
  - (c) paragraphs 1C and 1D (the reduced rate and the standard rate);
  - (d) paragraph 1G (meaning of “EU certificate of conformity” and “UK approval certificate”).

#### **Exemption from paying duty on first vehicle licence for certain vehicles**

- 1GB (1) No vehicle excise duty shall be paid on the first vehicle licence for a vehicle to which this Part of this Schedule applies if the vehicle is within sub-paragraph (2) or (3).
- (2) A vehicle is within this sub-paragraph if—
- (a) its applicable CO<sub>2</sub> emissions figure is 0 g/km, and
  - (b) it is not an exempt vehicle by reason of paragraph 25(4) of Schedule 2 (because of sub-paragraph (5) of that paragraph).
- (3) A vehicle is within this sub-paragraph if—
- (a) its applicable CO<sub>2</sub> emissions figure exceeds 0 g/km but does not exceed 50 g/km, and
  - (b) condition A, B or C in paragraph 1C is met.

#### **Graduated rates of duty payable on first vehicle licence**

- 1GC For the purpose of determining the rate at which vehicle excise duty is to be paid on the first vehicle licence for a vehicle to which this Part of this Schedule applies, the annual rate of duty applicable to the vehicle shall be determined in accordance with the following table by reference to—
- (a) the applicable CO<sub>2</sub> emissions figure, and
  - (b) whether the vehicle qualifies for the reduced rate of duty or is liable to the standard rate of duty.

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<i>CO<sub>2</sub> emissions figure</i>		<i>Rate</i>	
<i>(1)</i>	<i>(2)</i>	<i>(3)</i>	<i>(4)</i>
<i>Exceeding g/km</i>	<i>Not exceeding g/km</i>	<i>Reduced rate</i>	<i>Standard rate</i>
0	50	—	10
50	75	15	25
75	90	90	100
90	100	110	120
100	110	130	140
110	130	150	160
130	150	190	200
150	170	490	500
170	190	790	800
190	225	1190	1200
225	255	1690	1700
255	—	1990	2000

#### **Rates of duty payable on any other vehicle licence for vehicle**

- 1GD (1) For the purpose of determining the rate at which vehicle excise duty is to be paid on any other vehicle licence for a vehicle to which this Part of this Schedule applies, the annual rate of vehicle excise applicable to the vehicle is—
- (a) the reduced rate of £130, if the vehicle qualifies for the reduced rate, or
  - (b) the standard rate of £140, if the vehicle is liable to the standard rate.
- (2) But sub-paragraph (1) does not apply where paragraph 1GE(2) or (4) applies.

#### **Higher rates of duty: vehicles with a price exceeding £40,000**

- 1GE (1) Sub-paragraph (2) applies for the purpose of determining the rate at which vehicle excise duty is to be paid on any other vehicle licence for a vehicle to which this Part applies if—
- (a) the price of the vehicle exceeds £40,000,
  - (b) the vehicle was first registered, under this Act or under the law of a country or territory outside the United Kingdom, less than six years before the date on which the licence has effect, and
  - (c) the vehicle's applicable CO<sub>2</sub> emissions figure exceeds 0 g/km.

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- (2) The annual rate of vehicle excise duty applicable to the vehicle is—
  - (a) £440, if the vehicle qualifies for the reduced rate, or
  - (b) £450, if the vehicle is liable to the standard rate.
- (3) Sub-paragraph (4) applies for the purpose of determining the rate at which vehicle excise duty is to be paid on any other vehicle licence for a vehicle to which this Part applies if—
  - (a) the price of the vehicle exceeds £40,000;
  - (b) the vehicle was first registered, under this Act or under the law of a country or territory outside the United Kingdom, less than six years before the date on which the licence has effect, and
  - (c) the vehicle’s applicable CO<sub>2</sub> emissions figure is 0 g/km.
- (4) The annual rate of vehicle excise duty applicable to the vehicle is £310.

### **Calculating the price of a vehicle**

- 1GF (1) For the purposes of paragraph 1GE(1)(a) and (3)(a) the price of a vehicle is—
- (a) in a case where the vehicle has a list price, the sum of—
    - (i) that price, and
    - (ii) the price of any non-standard accessory which is attached to the vehicle when it is first registered under this Act, or
  - (b) in a case where the vehicle does not have a list price, its notional price.
- (2) The reference in sub-paragraph (1)(a)(ii) to the price of a non-standard accessory is to—
    - (a) its list price, if it has one, or
    - (b) its notional price, if it has no list price.
  - (3) Sections 123, 124, 125 and 127 to 130 of the Income Tax (Earnings and Pensions) Act 2003 apply for the purpose of defining terms used in this paragraph as they apply for the purpose of defining terms used in Chapter 6 of Part 3 of that Act, but with the modifications specified in sub-paragraph (4).
  - (4) The modifications are as follows—
    - (a) references to a car are to be read as references to a vehicle;
    - (b) references to relevant taxes are to be read as not including references to vehicle excise duty;
    - (c) in section 124(1)(f) for the words from “qualifying” to the end substitute “accessories attached to the vehicle when it was first registered under VERA 1994”;
    - (d) in section 125 omit subsection (1) and (2)(a);
    - (e) in section 127—

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- (i) in subsection (1) omit “initial extra”;
  - (ii) omit subsection (2).”
- (3) In Schedule 2 (exempt vehicles)—
- (a) in paragraph 20G (electrically propelled vehicles)—
    - (i) the existing provision becomes sub-paragraph (1);
    - (ii) after that sub-paragraph insert—
      - “(2) But a vehicle is not an exempt vehicle by reason of this paragraph if—
        - (a) it is a vehicle to which Part 1AA of Schedule 1 applies (light passenger vehicles registered on or after 1 April 2017), and
        - (b) its price exceeds £40,000.
      - (3) Paragraph 1GF of Schedule 1 (calculating the price of a vehicle) applies for the purposes of sub-paragraph (2)(b).”;
  - (b) in paragraph 25 (light passenger vehicles with low CO<sub>2</sub> emissions) after sub-paragraph (3) insert—
    - “(4) A vehicle is an exempt vehicle if—
      - (a) it is a vehicle to which Part 1AA of Schedule 1 applies, and
      - (b) it has an applicable CO<sub>2</sub> emissions figure (as defined in paragraph 1A(3) and (4) of that Schedule) of 0 g/km.
    - (5) But a vehicle is not an exempt vehicle by reason of sub-paragraph (4) if—
      - (a) its price exceeds £40,000, and
      - (b) less than six years have passed since it was first registered (whether under this Act or under the law of a country or territory outside the United Kingdom).
    - (6) Paragraph 1GF of Schedule 1 (calculating the price of a vehicle) applies for the purposes of sub-paragraph (5)(a).”

#### *Insurance premium tax*

### **47 Insurance premium tax: standard rate**

- (1) In section 51(2)(b) of FA 1994 (standard rate of insurance premium tax), for “6 per cent” substitute “9.5 per cent”.
- (2) The amendment made by subsection (1) has effect in relation to a premium falling to be regarded for the purposes of Part 3 of FA 1994 as received under a taxable insurance contract by an insurer on or after 1 November 2015.
- (3) The amendment made by subsection (1) does not have effect in relation to a premium which—
  - (a) is in respect of a contract made before 1 November 2015, and
  - (b) falls to be regarded for the purposes of Part 3 of FA 1994 as received under the contract by the insurer before 1 March 2016 by virtue of regulations under section 68 of that Act (special accounting schemes).

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- (4) Subsection (3) does not apply in relation to a premium which—
  - (a) is an additional premium under a contract,
  - (b) falls to be regarded for the purposes of Part 3 of FA 1994 as received under the contract by the insurer on or after 1 November 2015 by virtue of regulations under section 68 of that Act, and
  - (c) is in respect of a risk which was not covered by the contract before that date.
- (5) In the application of sections 67A to 67C of FA 1994 (announced increase in rate) in relation to the increase made by this section—
  - (a) the announcement for the purposes of sections 67A(1) and 67B(1) is to be taken to have been made on 8 July 2015,
  - (b) the date of the change is 1 November 2015, and
  - (c) the concessionary date is 1 March 2016.

#### *Aggregates levy*

### **48     Aggregates levy: restoration of exemptions**

- (1) The provisions of Part 2 of FA 2001 (aggregates levy) that were amended or repealed by section 94 of FA 2014 (removal of certain exemptions with effect from 1 April 2014) have effect, and are to be treated as having had effect at all times on or after 1 April 2014, as if the amendments and repeals made by that section had not been made.
- (2) Accordingly, sections 94 and 95 of FA 2014 are repealed.
- (3) Part 2 of FA 2001, as amended by subsection (1), is further amended in accordance with subsections (4) and (5).
- (4) In section 17 (meaning of “aggregate” and “taxable aggregate”), in each of subsections (3)(f) and (4)(a)—
  - (a) after “lignite,” insert “or”, and
  - (b) omit “or shale”.
- (5) In section 18(2) (meaning of “exempt process”), after paragraph (c) insert—
  - “(ca) in the case of aggregate consisting of shale, any process consisting of a use of the shale that—
    - (i) is not a use of it as material or support in the construction or improvement of any structure, and
    - (ii) is not mixing it with anything as part of the process of producing mortar, concrete, tarmacadam, coated roadstone or any similar construction material.”
- (6) The repeal of section 94 of FA 2014 is to be treated as having come into force on 1 August 2015, and the amendments made by subsections (3) to (5) are to be treated as having come into force on 1 April 2014.

*Climate change levy*

**49 CCL: removal of exemption for electricity from renewable sources**

In paragraph 19 of Schedule 6 to FA 2000 (climate change levy: exemption for electricity from renewable sources), in sub-paragraph (3), before paragraph (a) insert—

“(za) it is generated before 1 August 2015,”.