



# Finance (No. 2) Act 2023

## 2023 CHAPTER 30

### PART 6

#### OTHER TAXES

##### *Vehicle taxes*

#### **324 Rates of vehicle excise duty**

- (1) Schedule 1 to VERA 1994 (annual rates of vehicle excise duty) is amended as follows.
- (2) In paragraph 1 (general rate)—
  - (a) in sub-paragraph (2) (vehicle not covered elsewhere in Schedule with engine cylinder capacity exceeding 1,549cc), for “£295” substitute “£325”, and
  - (b) in sub-paragraph (2A) (vehicle not covered elsewhere in Schedule with engine cylinder capacity not exceeding 1,549cc), for “£180” substitute “£200”.
- (3) In paragraph 1B (graduated rates for light passenger vehicles registered before 1 April 2017), for the Table substitute—

“CO2 Emissions Figure		Rate	
(1)	(2)	(3)	(4)
Exceeding	Not exceeding	Reduced rate	Standard Rate
g/km	g/km	£	£
100	110	10	20
110	120	25	35
120	130	140	150
130	140	170	180
140	150	190	200

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“CO2 Emissions Figure		Rate	
150	165	230	240
165	175	280	290
175	185	310	320
185	200	355	365
200	225	385	395
225	255	665	675
255	—	685	695”.

(4) In the sentence immediately following the Table in that paragraph, for paragraphs (a) and (b) substitute—

- “(a) in column (3), in the last two rows, “385” were substituted for “665” and “685”, and  
 (b) in column (4), in the last two rows, “395” were substituted for “675” and “695”.”

(5) In paragraph 1GC (graduated rates for first licence for light passenger vehicles registered on or after 1 April 2017), for Table 1 (vehicles other than higher rate diesel vehicles) substitute—

“CO2 Emissions Figure		Rate	
<b>(1)</b>	<b>(2)</b>	<b>(3)</b>	<b>(4)</b>
<b>Exceeding</b>	<b>Not exceeding</b>	<b>Reduced rate</b>	<b>Standard Rate</b>
<b>g/km</b>	<b>g/km</b>	<b>£</b>	<b>£</b>
0	50	0	10
50	75	20	30
75	90	120	130
90	100	155	165
100	110	175	185
110	130	200	210
130	150	245	255
150	170	635	645
170	190	1030	1040
190	225	1555	1565
225	255	2210	2220
255	—	2595	2605”.

(6) In that paragraph, for Table 2 (higher rate diesel vehicles) substitute—

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“CO2 Emissions Figure		Rate
(1)	(2)	(3)
Exceeding	Not exceeding	Rate
g/km	g/km	£
0	50	30
50	75	130
75	90	165
90	100	185
100	110	210
110	130	255
130	150	645
150	170	1040
170	190	1565
190	225	2220
225	255	2605
255	—	2605”.

(7) In paragraph 1GD(1) (rates for any other licence for light passenger vehicles registered on or after 1 April 2017)—

- (a) in paragraph (a) (reduced rate), for “£155” substitute “£170”, and
- (b) in paragraph (b) (standard rate), for “£165” substitute “£180”.

(8) In paragraph 1GE(2) (rates for light passenger vehicles registered on or after 1 April 2017 with a price exceeding £40,000)—

- (a) in paragraph (a), for “£510” substitute “£560”, and
- (b) in paragraph (b), for “£520” substitute “£570”.

(9) In paragraph 1J(a) (rates for light goods vehicles that are not pre-2007 or post-2008 lower emission vans), for “£290” substitute “£320”.

(10) In paragraph 2(1) (rates for motorcycles)—

- (a) in paragraph (a) (engine cylinder capacity not exceeding 150cc), for “£22” substitute “£24”,
- (b) in paragraph (b) (motorbicycles with engine cylinder capacity exceeding 150cc but not exceeding 400cc), for “£47” substitute “£52”,
- (c) in paragraph (c) (motorbicycles with engine cylinder capacity exceeding 400cc but not exceeding 600cc), for “£73” substitute “£80”, and
- (d) in paragraph (d) (other cases), for “£101” substitute “£111”.

(11) The amendments made by this section have effect in relation to licences taken out on or after 1 April 2023.

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### 325 Reform of HGV road user levy

Schedule 22 makes provision (including consequential provision) about—

- (a) the charging of HGV road user levy in respect of UK-registered and non-UK registered heavy goods vehicles,
- (b) the register of HGV road user levy paid or due to be paid, and
- (c) the rate of HGV road user levy chargeable in respect of a heavy goods vehicle by reference to the vehicle's revenue weight.

### 326 End of exempt period for HGV road user levy

- (1) In section 88 of FA 2020 (HGV road user levy)—
  - (a) in the heading, at the end insert “: exempt period”;
  - (b) in subsection (1), at the beginning insert “Subject to section 88A,”;
  - (c) in subsection (3), at the beginning insert “For the purposes of this section and section 88A,”.
- (2) After that section insert—

**“88A HGV road user levy: transitional provision for end of exempt period**

- (1) This section applies where—
  - (a) a UK heavy goods vehicle (the “charged vehicle”) is charged to vehicle excise duty in respect of more than one period (a “charged period”) beginning within the last 12 months of the exempt period, and
  - (b) the combined length of the charged periods is more than 12 months.
- (2) Section 5(2) of the 2013 Act applies in relation to the charged vehicle in respect of each complete month in the period (the “transitional liability period”)—
  - (a) beginning with the day after the last exempt day in relation to the charged vehicle, and
  - (b) ending with the end of the charged period during which that last exempt day occurs.
- (3) The last exempt day, in relation to a charged vehicle, is the last day of the period of 12 months beginning with the day on which the first charged period beginning within the last 12 months of the exempt period began.
- (4) Subsection (5) applies where, in relation to the charged vehicle—
  - (a) a notification has been made under section 7(2)(c) of the 2013 Act (an “off-road notification”) in respect of a period beginning within the last 12 months of the exempt period, and
  - (b) vehicle excise duty is charged in respect of a period beginning—
    - (i) after the day on which the off-road notification is made, and
    - (ii) within the last 12 months of the exempt period.
- (5) In calculating the period of 12 months mentioned in subsection (3) ignore the number of whole months in the period beginning with the day on which

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the off-road notification is made and ending with the first day of the period described in [subsection \(4\)\(b\)](#).

- (6) The Secretary of State, and any person who may exercise powers on behalf of the Secretary of State under section 9 of the 2013 Act (collection of levy), may (in addition to having the powers, duties and liabilities mentioned in that section) give a notice (a “payment notice”) to a person liable for HGV road user levy in respect of a transitional liability period.
- (7) A payment notice must state—
- (a) the amount of HGV road user levy for which the person is liable in respect of the transitional liability period,
  - (b) how the amount is to be paid, and
  - (c) that payment must be made within the period of 28 days beginning with the day on which the notice is given.
- (8) The amount in [subsection \(7\)\(a\)](#) is given by—

$$\frac{L \times M}{12}$$

where—

L is the yearly rate of HGV road user levy applicable in relation to the vehicle on the first day of the transitional liability period, and

M is the number of whole months during the transitional liability period.

- (9) In relation to the transitional liability period—
- (a) a person commits an offence under section 11 of the 2013 Act (offence of using or keeping heavy goods vehicle if levy not paid) only if the person—
    - (i) has been given a payment notice, and
    - (ii) has failed to make payment in accordance with that notice, and
  - (b) section 7(5A) of the Vehicle Excise and Registration Act 1994 has effect as if the reference to HGV road user levy having been paid were a reference to it having been paid in accordance with a payment notice.
- (10) In this section “UK heavy goods vehicle” has the same meaning as in the HGV Road User Levy Act 2013 (see section 2 of that Act).”

**Changes to legislation:**

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