

EXPLANATORY MEMORANDUM TO
THE ROAD VEHICLES (REGISTRATION AND LICENSING) (AMENDMENT)
(NO. 2) REGULATIONS 2012

2012 No. 443

1. This explanatory memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of Her Majesty.
2. **Purpose of the instrument**
 - 2.1 These Regulations prescribe the latest emissions and performance requirements to be met by relevant vehicles if they are to be eligible for a Reduced Pollution Certificate (“RPC”). Those requirements equate to what is known as the “Euro VI” standard for type approval. Vehicles meeting the latest requirements which hold a valid RPC are entitled to a reduced rate of vehicle excise duty (VED) for a limited period of time, as set out in the Regulations. The VED rate is reduced because compliance with the relevant standard is voluntary and in advance of being required to do so for type approval purposes. The relevant vehicles are goods vehicles, buses, haulage vehicles and vehicles used for carrying loads of exceptional size or weight.
3. **Matters of special interest to the Joint Committee on Statutory Instruments**
 - 3.1 None
4. **Legislative Context**
 - 4.1 Section 61B of the Vehicle Excise and Registration Act 1994 provides the power to make regulations in relation to RPCs and, in particular, provides that the emissions standards to be met in order to obtain one may differ according to when a vehicle is registered.
 - 4.2 These Regulations amend Schedule 2 to the Road Vehicles (Registration and Licensing) Regulations 2002 (“the 2002 Regulations”) which contains provisions regarding the issue of RPCs to eligible vehicles which satisfy the “reduced pollution requirements”. The rate of VED for eligible vehicles which satisfy the reduced pollution requirements is lower than that for eligible vehicles which do not satisfy those requirements.
 - 4.3 The “Euro VI” emissions standards are those which are set out in type approval Regulation (EC) No 595/2009 and its implementing Regulation (EU) No 582/2011. These Regulations provide that an RPC may be issued to eligible vehicles which are registered on or before 31 December 2013, if they meet the reduced pollution requirements which equate to the Euro VI standards. These Regulations further provide that such vehicles will only be able to meet those reduced pollution requirements, and therefore be entitled to a reduced rate of VED, for a limited period of time. As a result, an RPC

issued in respect of a vehicle which meets the Euro VI standards cannot last longer than 30 November 2017.

- 4.4 Regulations 4, 6 and 7 amend Schedule 2 to the 2002 Regulations to provide for the issuing of RPCs to vehicles which meet the new requirements within the time-limited period. Regulation 5 amends the Schedule to set out the new technical requirements which eligible vehicles must satisfy (these requirements equate to the Euro VI standards).

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 Emissions of air pollutants from heavy duty vehicles such as oxides of nitrogen (NO_x) and Particulate Matter (PM) have negative impacts on human health and the natural environment. The UK has legally binding European standards to meet for dangerous air pollution.
- 7.2 The RPC scheme was introduced in 1999 with the aim of incentivising (by means of a reduced rate of VED) the purchase of new vehicles with specified exhaust emissions standards before the sale of vehicles meeting those standards became mandatory. The underlying purpose of the scheme was to reduce emissions from the vehicle fleet. The scheme has been available to new vehicles meeting each new emissions standard introduced since then.
- 7.3 The issuing of RPCs for new vehicles that met the Euro V standard before it was required by law ended on 1 October 2009. The Government committed in its Budget Statement of 2011 that a time-limited RPC scheme would be introduced for relevant vehicles complying with the most recent agreed standard; “Euro VI”.
- 7.4 The RPC scheme introduced by these Regulations aims to incentivise the purchase of vehicles meeting the Euro VI standard in advance of being required to do so (the standard becomes mandatory for type approval purposes after 31 December 2013). The re-issuing of RPCs is time-limited with the effect that vehicles can qualify for a reduced rate of VED after this date up until the point at which the vehicle’s licence expires in the year 2017. Previous schemes have led to the anomaly that older, higher-polluting, vehicles can enjoy the same, or lower, VED rates as those that meet newer, more stringent, Euro standards. The introduction of the time-limited RPC scheme will go some way towards rebalancing this issue.

- 7.5 These Regulations provide that on or before 31 December 2016 an eligible vehicle will be deemed to satisfy the reduced pollution requirements (and therefore be eligible for an RPC) if it meets the new requirements set out in regulation 5. However, after 31 December 2016, an eligible vehicle will only continue to satisfy the reduced pollution requirements for as long as its vehicle licence (i.e. a licence taken out before this date) remains in force. In practice, vehicle licences are taken out from the first day of the relevant month. A vehicle licence taken out in December 2016 for a period of one year will be valid from 1 December 2016 until 30 November 2017 and, therefore, 30 November 2017 is also the latest date any RPC issued under these Regulations can expire.
- 7.6 For administrative purposes (and because vehicle licences and RPCs may be issued on different dates and for different periods of time), the Regulations provide that all RPCs issued after 1 January 2016 are to last until the end date of the scheme (30 November 2017). However, eligible vehicles with RPCs will return to the standard rate of VED when the vehicle's licence naturally expires in the year 2017.
- 7.7 The main targeted effect of the measure is to support the early uptake of Euro VI vehicles and bring about an improvement in air quality and public health that the Euro VI standard is intended to provide. Such vehicles produce lower emissions than the Euro V vehicles which are currently the minimum standard permitted for sale.

8. Consultation outcome

- 8.1 Representative bodies of both manufacturers and hauliers have expressed the desire for the scheme to extend to Euro VI vehicles to encourage purchase of these vehicles. There has not been any formal consultation on the changes to the 2002 Regulations.

9. Guidance

- 9.1 Information will be made available online on www.direct.gov.uk/motoring.

10. Impact

- 10.1 The impact on business, charities or voluntary bodies is that a reduced rate of vehicle excise duty will be available over a time-limited period to those businesses that choose to purchase a Euro VI vehicle before the standard becomes mandatory.
- 10.2 The impact on the public sector is a reduction in revenue from vehicle excise duty that ranges from £5 to £500 per vehicle, per annum until the licence for that Euro VI vehicle expires in 2017. The purpose of the RPC scheme is to incentivise early uptake of these vehicles, reduce emissions of air pollutants and benefit human health and the natural environment.

10.3 An Impact Assessment is attached to this memorandum.

11. Regulating small business

11.1 The legislation applies to small business.

12. Monitoring & review

12.1 The RPC scheme for Euro VI vehicles is time-limited and will cease to have effect for any qualifying vehicles on 30 November 2017.

13. Contact

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