



# Vehicle Excise and Registration Act 1994

## 1994 CHAPTER 22

### PART I

#### VEHICLE EXCISE DUTY AND LICENCES

##### *Trade licences*

#### **11 Issue of trade licences.**

(1) Where—

- (a) a motor trader or vehicle tester, or
- (b) a person who satisfies the Secretary of State that he intends to commence business as a motor trader or vehicle tester,

applies to the Secretary of State (in the manner [<sup>F1</sup>specified] by the Secretary of State) to take out a licence under this section (a “trade licence”), the Secretary of State may, subject to the conditions [<sup>F2</sup>prescribed by regulations made by the Secretary of State], issue such a licence to him on payment of vehicle excise duty at the rate applicable to the licence.

[<sup>F3</sup>(1A) The power to prescribe conditions under subsection (1) includes, in particular, the power to prescribe conditions which are to be complied with after the licence is issued.]

(2) In the case of a motor trader who is a manufacturer of vehicles, a trade licence is a licence for—

- (a) all vehicles which are from time to time temporarily in his possession in the course of his business as a motor trader,
- (b) all vehicles kept and used by him solely for purposes of conducting research and development in the course of his business as such a manufacturer, and
- (c) all vehicles which are from time to time submitted to him by other manufacturers for testing on roads in the course of that business.

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**Changes to legislation:** Vehicle Excise and Registration Act 1994, Cross Heading: Trade licences is up to date with all changes known to be in force on or before 11 August 2023. There are changes that may be brought into force at a future date. Changes that have been made appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

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- (3) In the case of any other motor trader, a trade licence is a licence for all vehicles which are from time to time temporarily in his possession in the course of his business as a motor trader.
- (4) In the case of a vehicle tester, a trade licence is a licence for all vehicles which are from time to time submitted to him for testing in the course of his business as a vehicle tester.

#### Textual Amendments

- F1** Words in s. 11(1) substituted (1.5.1995 with effect as mentioned in [Sch. 4 para. 30\(3\)](#) of the amending Act) by [1995 c. 4, s. 19, Sch. 4 Pt. V para. 30\(2\)\(a\)\(3\)](#)
- F2** Words in s. 11(1) substituted (1.5.1995 with effect as mentioned in [Sch. 4 para. 30\(3\)](#) of the amending Act) by [1995 c. 4, s. 19, Sch. 4 Pt. V para. 30\(2\)\(b\)\(3\)](#)
- F3** S. 11(1A) inserted (29.4.1996) by [1996 c. 8, s. 23, Sch. 2 para. 3](#)

## 12 Use of vehicles by holders of trade licences.

- (1) The holder of a trade licence is not entitled by virtue of the licence—
- to use more than one vehicle at any one time,
  - to use a vehicle for any purpose other than a purpose prescribed by regulations made by the Secretary of State, or
  - except in such circumstances as may be so prescribed, to keep any vehicle on a road if it is not being used on the road.
- (2) The Secretary of State shall by regulations prescribe—
- the conditions subject to which trade licences are to be issued, and
  - the purposes for which the holder of a trade licence may use a vehicle by virtue of the licence.
- (3) The purposes which may be prescribed as those for which the holder of a trade licence may use a vehicle under the licence shall not include the conveyance of goods or burden of any description other than—
- a load which is carried solely for the purpose of testing or demonstrating the vehicle or any of its accessories or equipment and which is returned to the place of loading without having been removed from the vehicle except for that purpose or in the case of accident,
  - in the case of a vehicle which is being delivered or collected, a load consisting of another vehicle used or to be used for travel from or to the place of delivery or collection,
  - a load built in as part of the vehicle or permanently attached to it,
  - a load consisting of parts, accessories or equipment designed to be fitted to the vehicle and of tools for fitting them to the vehicle, or
  - a load consisting of a trailer other than a trailer which is for the time being a disabled vehicle.
- (4) For the purposes of subsection (3), where a vehicle is so constructed that a trailer may by partial superimposition be attached to the vehicle in such a manner as to cause a substantial part of the weight of the trailer to be borne by the vehicle, the vehicle and the trailer are deemed to constitute a single vehicle.

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- (5) In subsection (3)(e) “disabled vehicle” includes a vehicle which has been abandoned or is scrap.

### 13 Trade licences: duration and amount of duty.

- (1) A trade licence may be taken out—

- (a) for one calendar year,
- (b) for a period of six months beginning with the first day of January or of July, or
- (c) where subsection (2) applies, for a period of seven, eight, nine, ten or eleven months beginning with the first day of any month other than January or July [F4and ending no later than the relevant date].

- [F5(1A) In subsection (1)(c) “the relevant date” means—

- (a) in relation to a licence taken out for a period beginning with the first day of any of the months February to June in any year, 31st December of that year;
- (b) in relation to a licence taken out for a period beginning with the first day of any of the months August to December in any year, 30th June of the following year.]

- (2) This subsection applies where the person taking out the licence—

- (a) is not a motor trader or vehicle tester (having satisfied the Secretary of State as mentioned in section 11(1)(b)), or
- (b) does not hold any existing trade licence.

- (3) The rate of duty applicable to a trade licence taken out for a calendar year [F6(“the applicable annual rate”)] is—

- (a) the annual rate currently applicable to a vehicle under sub-paragraph [F7(1)(d)] of paragraph 2 of Schedule 1 if the licence is to be used only for vehicles to which that paragraph applies, and
- (b) otherwise, the [F8basic goods vehicle rate currently applicable].

- [F9(3A) Where a trade licence is taken out for a calendar year and the duty is to be paid by more than one instalment pursuant to an agreement under section 19B, the rate of duty is 105% of the applicable annual rate.]

- [F10(4) The rate of duty applicable to a trade licence taken out for a period of 6 months is—

- (a) 55% of the applicable annual rate for a corresponding trade licence taken out for a calendar year, or
- (b) if the duty is to be paid by direct debit pursuant to an agreement under section 19B, 52.5% of that applicable annual rate.]

- (5) The rate of duty applicable to a trade licence taken out for a period of seven, eight, nine, ten or eleven months is the aggregate of—

- (a) fifty-five per cent. of the [F11applicable annual rate for a] corresponding trade licence taken out for a calendar year, and
- (b) one-sixth of the amount arrived at under paragraph (a) in respect of each month in the period in excess of six.

- (6) In determining a rate of duty under [F12subsection (3A), (4)] or (5) any fraction of five pence—

- (a) if it exceeds two and a half pence, shall be treated as five pence, and
- (b) otherwise, shall be disregarded.

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[<sup>F13</sup>(7) In this section “the basic goods vehicle rate” means the annual rate applicable, by virtue of sub-paragraph (1) of paragraph 9 of Schedule 1, to a rigid goods vehicle which—

- <sup>F14</sup>(a) .....  
 (b) falls within column (3) of the table in that sub-paragraph and has a revenue weight exceeding 3,500 kilograms and not exceeding 7,500 kilograms.]

#### Textual Amendments

- F4** Words in s. 13(1)(c) inserted (1.5.1995 with effect as mentioned in [Sch. 4 para. 31\(3\)](#) of the amending Act) by [1995 c. 4, s. 19, Sch. 4 Pt. V para. 31\(1\)\(3\)](#)
- F5** S. 13(1A) inserted (1.5.1995 with effect as mentioned in [Sch. 4 para. 31\(3\)](#) of the amending Act) by [1995 c. 4, s. 19, Sch. 4 Pt. V para. 31\(2\)\(3\)](#)
- F6** Words in s. 13(3) inserted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(3\)\(a\)\(10\)](#)
- F7** Words in s. 13(3)(a) substituted (24.7.2002 with application as mentioned in [s. 18\(3\)](#) of the amending Act) by [Finance Act 2002 \(c. 23\), s. 18\(2\)](#)
- F8** Words in s. 13(3)(b) substituted (7.4.2005 with effect as mentioned in [s. 7\(16\)](#) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 7\(3\)](#)
- F9** [S. 13\(3A\)](#) inserted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(3\)\(b\)\(10\)](#)
- F10** [S. 13\(4\)](#) substituted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(3\)\(c\)\(10\)](#)
- F11** Words in [s. 13\(5\)\(a\)](#) substituted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(3\)\(d\)\(10\)](#)
- F12** Words in [s. 13\(6\)](#) substituted (1.10.2014) by [Finance Act 2014 \(c. 26\), s. 89\(3\)\(e\)\(10\)](#)
- F13** S. 13(7) inserted (7.4.2005 with effect as mentioned in [s. 7\(14\)\(16\)](#) of the amending Act) by [Finance Act 2005 \(c. 7\), s. 7\(5\)](#)
- F14** S. 13(7)(a) and word omitted (with effect in accordance with [Sch. 18 paras. 12-14, 16](#) of the amending Act) by virtue of [Finance Act 2014 \(c. 26\), Sch. 18 para. 10\(a\)](#)

## 14 Trade licences: supplementary.

- (1) Nothing in sections 11 to 13 prevents a person entitled to take out a trade licence from holding two or more trade licences.
- (2) The holder of a trade licence may at any time [<sup>F15</sup>request that the Secretary of State cancel the licence].
- (3) Where—
  - (a) the Secretary of State refuses an application for a trade licence by a person entitled to make such an application, and
  - (b) the applicant, within the period prescribed by regulations made by the Secretary of State, requests him to review his decision,
 the Secretary of State shall comply with the request and (in doing so) consider any representations made to him in writing during that period by the applicant.

<sup>F16</sup>(4) .....

#### Textual Amendments

- F15** Words in [s. 14\(2\)](#) substituted (1.10.2014) by [Finance Act 2014 \(c. 26\), Sch. 19 paras. 5\(a\), 22](#)
- F16** [S. 14\(4\)](#) omitted (1.10.2014) by virtue of [Finance Act 2014 \(c. 26\), Sch. 19 paras. 5\(b\), 22](#)

**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\(2\)\(a\)\(i\)\(7\)](#)