

# Stratstone



## CHANGES AHEAD FOR VEHICLE ROAD TAX BEING INTRODUCED FROM 1ST APRIL 2017

### **In this booklet we will explain the following:**

- What are the changes?
- How it works
- Tax Band Details
- What's included in list price
- What about electric vehicles?
- Changes in summary

## WHAT ARE THE CHANGES?

From 1st April 2017, the government have introduced some important changes to Vehicle Exercise Duty (VED) also known as 'Vehicle Tax', 'Car Tax', 'Road Tax' or 'Road Fund Licence'.

### PRE-APRIL 2017 – HOW IT WORKS.

The way in which tax rates are calculated are based on engine size, fuel type and CO<sub>2</sub> emissions depending on the registration date of the vehicle. The new regulations will not affect any vehicle registered before the 1st April 2017.

### APRIL 2017 ONWARDS – HOW IT WORKS.

The new regulations will mean that higher tax rates will be introduced for all new cars registered from the 1st April 2017 onwards. The first year's road tax is calculated on CO<sub>2</sub> emission bandings. These are detailed in the table overleaf – 'First Year Rate'. From the vehicle's second registered year, a standard rate of tax applies across all vehicles. If a vehicle is greater than £40,000 then an additional rate is applied.

### VEHICLES UNDER A £40,000 LIST PRICE.

For vehicles under £40,000 list price (including options) an annual road tax rate of £140 applies after the first year. Please refer to the table overleaf 'Standard Rate < £40,000'.

### VEHICLES OVER A £40,000 LIST PRICE.

Vehicles over a £40,000 list price will incur an additional supplementary charge of £310, on top of the £140 after the first years rate up to the 5th year of registration. (This includes zero emissions vehicles in excess of £40,000). Please refer to the table overleaf – 'Standard Rate + Additional Rate (Year 2-5) >£40,000'. After five years of being registered, the amount reverts to the standard rate of £140 onwards.

# TAX BAND DETAILS

Pre-April 2017		
CO <sub>2</sub> Emissions (g/km)	First Year Rate	Annual Rate
Up to 100	£0	£0
101-110	£0	£20
111-120	£0	£30
121-130	£0	£110
131-140	£130	£130
141-150	£145	£145
151-165	£185	£185
166-175	£300	£210
176-185	£355	£230
186-200	£500	£270
201-225	£650	£295
226-255	£885	£500
Over 225	£1,120	£515

April 2017 Onwards			
CO <sub>2</sub> Emissions (g/km)	First Year Rate	Standard Rate <£40k	Standard Rate + Additional Rate (year 2-5) >£40k
0	£0	£0	£310
1-50	£10	£140	£450
51-75	£25	£140	£450
76-90	£100	£140	£450
91-100	£120	£140	£450
101-110	£140	£140	£450
111-130	£160	£140	£450
131-150	£200	£140	£450
151-170	£500	£140	£450
171-190	£800	£140	£450
191-225	£1,200	£140	£450
226-255	£1,700	£140	£450
Over 225	£2,000	£140	£450

## LIST PRICE:

### What is included?

- Manufacturers Recommended Retail Price (MRRP).
- The price of any non-standard accessory fitted by the manufacturer.
- Value Added Tax (VAT).
- If the battery is leased on an electric vehicle, the cost of this makes up part of the list price.

### What is excluded?

- Warranty/insurance and service packages, etc.
- Any non-standard accessory fitted by the retailer.
- Modifications for disabled users.
- Vehicle first registration fee and cost of first licence.

## WHAT ABOUT ELECTRIC VEHICLES?

Only electric vehicles with zero CO<sub>2</sub> emissions under £40,000 attract no road tax costs. Electric vehicles with zero CO<sub>2</sub> emissions and a list price of over £40,000 will not have to pay tax in the first year of registration, but from years two to five will incur an additional cost of £310. For example year one you will pay £0, years 2-5 £310 and then year six onwards will revert back to £0.

## KEY POINTS

- New tax changes come into effect for all vehicles registered from 1st April 2017.
- Six month licences will no longer be available at first registration.
- Vehicles registered before April 2017 are not affected and will remain in the current tax CO<sub>2</sub> band system (See Pre-April 2017 table).
- The tax changes do not apply to LCVs, motorbikes or HGVs.

## CHANGES IN SUMMARY

Charges are based on CO<sub>2</sub> emissions for the first year, then a flat rate of £140 will apply to all vehicles with a list price of under £40,000. Vehicles with a list price in excess of £40,000 will incur a rate of £450 from years 2-5, from year six onwards the price will decrease to the standard rate of £140 per year. Electric vehicles will be subject to a £310 additional rate if they have a list price of over £40,000.

For further details visit [Stratstone.com](https://www.stratstone.com)