



BVRLA Budget Summary March 2011

Transport Taxation

Company car tax 2013-14

From April 2013, the appropriate percentages for all vehicles with carbon dioxide emissions between 95g and 220g per kilometre will be increased by 1 percentage point. This results in a freeze in rates for cars emitting less than 95g per kilometre.

The cap of £80,000 on the list price used for calculating taxable is removed from 1 April 2011.

The BVRLA's fact sheet on the company car tax regime has been updated to reflect the changes and can be found here:

[Company Car Taxation – Fact Sheet 508](#)

BVRLA Comment

The changes are seen as a natural downward progression that will maintain the incentive for organisation's to green their fleets. However, we would hope to see a return to the three-year forward view on the bands, which is essential for fleets in providing certainty and stability for policy planning.

Fuel Benefit Charge

From 6 April 2011, the fuel benefit charge multiplier used to calculate the tax payable on free fuel for company cars will increase by indexation only from £18,000 to £18,800.

The BVRLA's fact sheet on the fuel benefit charge has been updated to reflect the changes and can be found here:

[Fuel Benefit Charge – Fact Sheet 534](#)

Van fuel benefit charge and van benefit charge 2011-12

There will be a freeze in the level of van fuel benefit charge at £550 for 2011-12. The van benefit charge will also be frozen at £3,000 in 2011-12.

The BVRLA's fact sheet on the company van tax regime can be found here:

[Company Van Tax – Fact Sheet 551](#)

VAT fuel scale charges

The VAT fuel scale charges have been amended with effect from 1 May 2011.

The BVRLA's fact sheet on the VAT fuel scale charges has been updated to reflect the changes and can be found here:

[VAT Fuel Scale Charges – Fact Sheet 557](#)

VED

From 1 April 2011, VED rates will increase by the RPI as assumed in the forecast see table below

VED rates for Heavy Goods Vehicles will be frozen at the current rates in 2011-12.

In addition, discount rates for Euro VI Reduced Pollution Certificates (RPCs) of £500 will remain the same as for previous Euro standards. RPCs will be available for Euro VI standard vehicles from 1 January 2012 until 31 December 2016 when the euro standards will become mandatory. This will be also backdated for any eligible vehicles purchased before 1 January 2012.

The BVRLA's fact sheet on the VED regime has been updated to reflect the changes and can be found here:

[VED Regime – Fact Sheet 520](#)

BVRLA Comment

Along with the fuel duty changes, the freeze in VED for all commercial vehicles over 3.5 tonnes will be a welcome boost for CV operators.

Approved Mileage Allowance Payments (AMAPs) rates

From 6 April 2011, the AMAPs rates will rise to 45 pence per mile for the first 10,000 miles and 25 pence per mile thereafter. In addition to claiming AMAPs rates, an allowance for passenger payments currently in place for business employees, at 5 pence per passenger per mile, will be extended to volunteers.

BVRLA Comment

The increase in AMAPs is a back-door pay increase for public-sector and other grey-fleet users that will appease unions worried about job cuts and salary freezes. If the price of fuel has had such an impact on vehicle running costs, why are we not seeing a bigger rise in Advisory Fuel Rates (AFR)? The government shows how it works out the AFR rate, we now urge it to provide the same degree of transparency for AMAPs.

Fuel duty

The main fuel duty rate will be cut by 1 penny per litre from 6pm on 23 March 2011. The planned fuel duty inflationary increases will now be deferred and will increase by RPI (3.02 pence per litre) on 1 January 2012.

The 2012-13 increase will be implemented on 1 August 2012.

Fair fuel stabiliser

The fuel duty escalator will be abolished and replaced by a fair fuel stabiliser.

As part of the fair fuel stabiliser, fuel duty will increase by RPI when oil prices are high. However, in years when the oil price falls below a set trigger price on a sustained basis, the Government will increase fuel duty by RPI plus 1 penny per litre. The Government believes that a trigger price of \$75 per barrel would be appropriate, and will set a final level and mechanism after seeking the views of oil companies and motoring groups. It is proposed that this will be funded by flexing the tax on profits from UK oil and gas production.

BVRLA Comment

Whether you are a haulier, a fleet manager, a commuter or just someone trying to keep your family car on the road, the fair fuel stabiliser is an imaginative tax measure which will have an instant impact on weekly cash flow. The BVRLA will await the consultation on the stabiliser and will lobby to ensure the motorist is not unfairly charged at the pump along with calls for the government to investigate the continuing differential between diesel and petrol prices at the pumps which is nothing more than exploitation of business motorists and haulage companies.

Update on rural fuel duty rebate

The Government has formally applied to European Commission to implement a five pence per litre rural fuel duty rebate pilot scheme covering all islands in the Inner and Outer Hebrides, Northern Isles, the islands in the Clyde and the Isles of Scilly.

Business Tax

Corporation Tax

The Government will reduce the **main rate**¹ of corporation tax by a further 1%. From April 2011, the rate will be reduced from 28% to 26% and, by 2014 it will reach 23%.

The **small profits rate** of corporation tax will reduce to 20% from the financial year commencing 1 April 2011.

Short Life Asset

Legislation will be introduced in Finance Bill 2011 to increase the period over which expenditure on plant or machinery will qualify for "short life assets" (SLA) treatment. If a business elects for plant or machinery to be treated as a short life asset, capital allowances are calculated individually on the asset until a "cut-off" point. The exceptions to SLA treatment are listed in section 84 CAA 2001 and include most cars and all expenditure on 'long-life assets'.

Employment Tax

There will be a consultation on the merger of national insurance and income tax.

There will also be a £2,400 cash decrease in the basic income tax rate limit, taking it to £35,000. This means that the income tax higher rate threshold, which equals the sum of the personal allowance and basic rate limit, will be £42,475.

As previously announced the main and additional rates of NICs will increase by 1%.

From April 2012 the default indexation assumption for all direct taxes including income tax, NICs, inheritance tax, capital gains tax and ISAs will move from the retail price index to the consumer price index.

Business Regulation

The Government has announced plans to drop existing proposals for specific regulations which would have cost business over £350 million a year to implement. This includes not extending the right to request time to train to businesses with less than 250 employees and not bringing forward the dual discrimination rules;

In addition the Government will:

- introduce a moratorium exempting micro-businesses (businesses with fewer than 10 employees) and start-ups from new domestic regulation for three years from 1 April 2011;
- implement the proposals from Lord Young's review of Health and Safety; and
- launch a public thematic review to reduce the stock of regulation. The presumption will be that all regulations identified as burdensome would be removed unless good reasons are given for them to stay.

Other measures

Banks to make 15% more credit available to SMEs

The Government will create 40,000 new apprenticeship places targeted on young people not in employment, education or training. The Government will also provide grant funding to stimulate the development of 10,000 new Higher Level Apprenticeship places in small and medium-sized enterprises.

The Government announces £100 million of funding for local authorities to repair potholes caused by the exceptionally cold winter, funded from within existing budgets. This is in addition to the £100 million announced in February 2011.

¹ Incorporated businesses which have profits between £300,000 and £1.5 million, who pay tax at the main rate reduced by marginal relief and incorporated businesses with profits above £1.5 million who pay tax at the main rate.